

INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

A First-Time Buyer Comeback?

FOR MORE INFORMATION GO TO PAGE 20





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Date: Thursday, April 30, 2015

Time: 11:00am

Location: Galleria at Tyler
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Go to my website to register, or contact me for more details.



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Together we'll go far



Get Involved at IVAR!



MIKE STOFFEL,
2015 IVAR PRESIDENT

Since 2010, I've been involved in leadership at IVAR. Be it through committees like our Local Candidate Recommendation Committee or on our Board of Directors or as an IVAR-selected Director to the California Association of REALTORS®, I have been fortunate to have the opportunities to serve alongside committed colleagues at IVAR.

That same opportunity exists for all of you – and I hope you will choose to get involved as well. This association serves a leadership role in our industry and in our communities that many members don't fully understand. For those who have the opportunity to volunteer on a committee or on our Board of Directors, I think you'll find your time and energy is more than paid back with an enriched experience and understanding of the impact we can have together.

Last month, a group of members answered a call to apply to join for our Board of Directors beginning in 2016, or as President in 2017. Soon, all of our members will get a chance to vote on who will join the leadership of this association. A position on our Board means a position of stewardship with IVAR. It's a leadership post for one of the top REALTOR® associations in California and one of the most engaged and important voices of industry in our region. All of that is due to the capable leadership of your colleagues and the tremendous work of our staff, led by CEO Mark Dowling.

Beyond the Board of Directors, IVAR has several committees that provide guidance and bring results on a number of areas, ranging from REALTOR® professionalism to supporting candidates for political office who support the values of homeownership and property rights that encapsulate the American Dream.

If the Board of Directors isn't for you, I would also encourage you to consider serving on our Housing Policy Committee Forum – where we debate and discuss current issues and proposal of public policy that impact the housing industry. In a few months, our Local Candidate Recommendation Committee will seek applicants to serve for 2016-17.

Other committees include MLS, where we discuss ways to improve this critical tool for our members, and the Professional Affiliates and REALTORS® Committee (PARAC), which plans, creates and delivers great events like our upcoming Golf Classic, Oktoberfest, Casino Night and other chances to network with current and future friends and business contacts.

Whatever your interest, I hope that you will find something that brings you the same rewarding experiences that I have enjoyed by being involved with the current generation of leaders at IVAR.

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Together we'll go far





PAUL HERRERA,
GOVERNMENT AFFAIRS DIRECTOR

Legislative Day at the State Capitol

On Wednesday, IVAR members joined 2,000 colleagues from across California for Legislative Day at the State Capitol. The annual event put focus on a series of issues that REALTORS® are focused on winning on behalf of homeowners and small businesses in California.

Over the course of the day, REALTORS® met with almost every legislator and every legislative office in the Capitol. They also provided an engaged audience of more than 2,000 for the leaders of the California Assembly and reconnected with many of those legislators at a huge reception hosted by C.A.R. in the evening. It was, in short, a full working day that brought the voices of REALTORS® to the Capitol to tremendous effect.

REALTORS® focused on four key pieces of legislation during their meetings with legislators. These four items are part of dozens of bills that the California Association of REALTORS® (CAR) and IVAR are tracking in the legislature. If past results are any indication, the REALTOR® position on these pieces of legislation is a good sign for how these bills will be decided in the legislature.

Here are the hot issues for 2015
Legislative Day:

SB 8 – Service Tax (OPPOSE)

REALTORS® offered firm opposition to a proposal that would create a service tax. The

tax would essentially create a new sales tax on services in California as a way to raise huge amounts of new tax revenue from residents. While education and healthcare would be exempt, real estate would not. Virtually all costs related to buying and selling a home are services. According to CAR analysis, a new service tax of 7.5% (slightly less than the statewide average retail sales tax) would add nearly \$4,500 in tax bills to the median priced home in California.

CAR identified a number of services related to the sale of a home that would be eligible for new taxes under SB 8. These include: appraisal fees, brokerage fees, home inspections, Natural Hazard Disclosure reports, loan fees, title insurance, home warranties, escrow fees and all manner of costs related to preparing a home for sale, such as carpet cleaning, painting, landscaping, home staging and others.

AB 396 – Felons as a Protected Class (OPPOSE)

As every real estate professional well knows, existing fair housing laws prohibit discrimination in housing decisions and services on the basis of race, religion, gender, gender identity, ethnic origin, marital status, sexual orientation, disability and a series of additional items that help protect renters and homebuyers from discriminatory actions in the housing arena.

AB 396 would add "criminal background" to that list of protected classes. It would prohibit rental managers and real estate professionals from using information from a person's criminal background as a factor. It would open those same professionals to lawsuits if they deny a lease to someone who has a documented criminal background.

By any common sense standard, criminal background checks are an important screening tool in housing decisions. If AB 396 is allowed to pass, a potential renter could be denied based on whether they missed payments to creditors or were evicted for non-payment by their last landlord, but not on whether they were prosecuted for arson to their last residence or violently attacked their neighbor.

AB 237 – Parcel Tax Notification (SPONSOR)

In 2014, California 754 local governments collected a combined \$1.4 billion in parcel tax payments. These assessments are an increasingly popular way for local governments to raise taxes. The tax increases come with the consent of local voters – though not necessarily with input from property owners who will pay the taxes.

AB 237 would require that local governments send notification to property owners whenever a new parcel tax is proposed to voters. While non-resident property owners still would not have a vote, it would at least allow them to consider the impact on their ownership and weigh in on the

debate. Without the legislation, these property owners often find out about a new proposed tax after it has been passed and added to their next tax bill.

As a matter of basic information and fairness, AB 237 should be allowed to become law.

SB 364 – Ellis Act Restrictions (OPPOSE)

SB 364 is the latest attempt to repeal part of the Ellis Act, a 30-year-old law that quite simply allows owners of rental properties to go out of business and end leases. The Ellis Act provides an orderly form to do so, typically requiring a year's notice for tenants to make other arrangements.

SB 364 creates a new 5-year-hold period before the Ellis Act can be imposed for new owners of rental properties. It effectively forces landlords to stay in business.

This law is a tremendous overreach of government into private property rights and the basic ability of a business owner to go out of business. REALTORS® are firmly opposed SB 364.

If you have questions on these or any other public policy issues at the local, state or federal levels, please contact Paul Herrera, Government Affairs Director, at pherrera@ivaor.com or by phone at 951.500.1222.

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New Wood Destroying Pest Q&A

One of the most noticed revisions in the November 2014 California Residential Purchase Agreement and Joint Escrow Instructions (C.A.R. form "RPA") wasn't something that was added but something that was removed: the Wood Destroying Pest Inspection and Allocation of Cost Addendum ("WPA"). Many members called the Hot Line asking where to find the reference to the WPA addendum in the new RPA. They were told that there is no WPA reference in the new RPA and, moreover, there is no longer a WPA in zipForm®. The next questions were often "Why was the WPA removed?" (Sellers often agreed to pay for repairs before they knew the actual costs. This approach was inconsistent with the overall RPA approach that the property is sold "as-is" subject to a buyer's right to conduct inspections and ask for repairs.) And "What can the buyer do now?" (A buyer can use the Repair Request (C.A.R. form "RR") to ask for either or both section 1 and section 2 clearance once they have an inspection - which they can ask the seller to provide.)

To help answer those and other pest inspection report and repair questions in a form that you can provide to others in your office or to your buyers and sellers C.A.R. has just released a new Q&A titled Wood Destroying Pest & Organisms Inspections, Reports & Repairs.

New Agent Commission Sharing Case

The real estate industry is seeing an increase in the use of teams formed by salespersons within a brokerage. So much so, that a new law was recently enacted allowing the use of team names by salespersons so long as certain requirements are met. (AB 2018, Business and Professions Code §§ 10159.5, 10159.6, and 10159.7) As more teams within brokerages are being formed, the need for a written agreement between members of the team is growing. In the C.A.R. Independent Contractor Agreement (C.A.R. form ICA), it is made clear that the employing broker will divide commissions due among partners and teams according to the written agreement between the members and can withhold payments if there is no written agreement.

A recent case highlights the need for written agreements and broker involvement. In *Sanowicz v. Bacal*, Second Appellate District, Division Five, February 26, 2015, two salespersons in the same brokerage agreed in both oral and written agreements to split commissions earned from the representation of "joint" clients. At least one of their written agreements was on the C.A.R. Referral Agreement (C.A.R. form "RFA"). While the agents both signed the RFA there was no broker signature. After one of the agents changed offices he closed a deal representing one of the "joint" clients but did not share the commission. The stated defense to not paying, citing Business and Professions Code § 10137, was that a salesperson cannot agree to pay

commissions to another salesperson; a salesperson can only be paid by the broker to whom they are licensed and only brokers can agree to share commissions.

The trial court found this to be persuasive and dismissed the case on demurrer. However, the appellate court made it clear in its analysis of § 10137 that, while the Legislature may have limited the manner of payment to the broker, it did not forbid commission sharing agreements between salespersons.

To protect brokers from the exposure of being involved in litigation between agents and also from the time it takes to address these claims even if settled without litigation, brokers may want to insist that all salespersons licensed under them and sharing commissions put their agreements in writing and submit them to the broker.

Living Trusts and Title Insurance

As a part of their estate plans, many owners of real property put their properties into living trusts to avoid probate and to take advantage of the tax benefits available to them. However, many owners, and the attorneys who helped them set up their trusts, are surprised to learn that when they transferred their property into their living trust they may have lost their title insurance coverage. The transfer to the trust is a transfer to a new entity and requires an endorsement (actually available for a very modest cost) to continue coverage under standard coverage title insurance policies. However, some title insurance policies do cover such a transfer as is typical in the CLTA/ALTA "Homeowner's Policy of Title Insurance."

The California Residential Purchase Agreement and Joint Escrow Instructions (C.A.R. form RPA) has since 2000 contained a provision in the title paragraph requiring that the buyer be provided a CLTA/ALTA "Homeowner's Policy of Title Insurance" (paragraph 13E). In 2000, when this provision was first introduced, the "Homeowner's Policy" was a fairly new product and not well known in the industry. Over the years the product has become more well known and offered more widely.

The "Homeowner's Policy" is available to homeowners who are natural persons and offers enhanced protections over the standard coverage policy, among them being continued coverage when transferring title into a living trust for estate planning purposes. Additional protections, among many more, include coverage for encroachments, some permit matters, vehicular access to the property, and fraudulent recordings. You can review the policies at the California Land Title Association and American Land Title Association websites.

To protect themselves, buyers should confirm with escrow that the proper title insurance policy is being provided at close.



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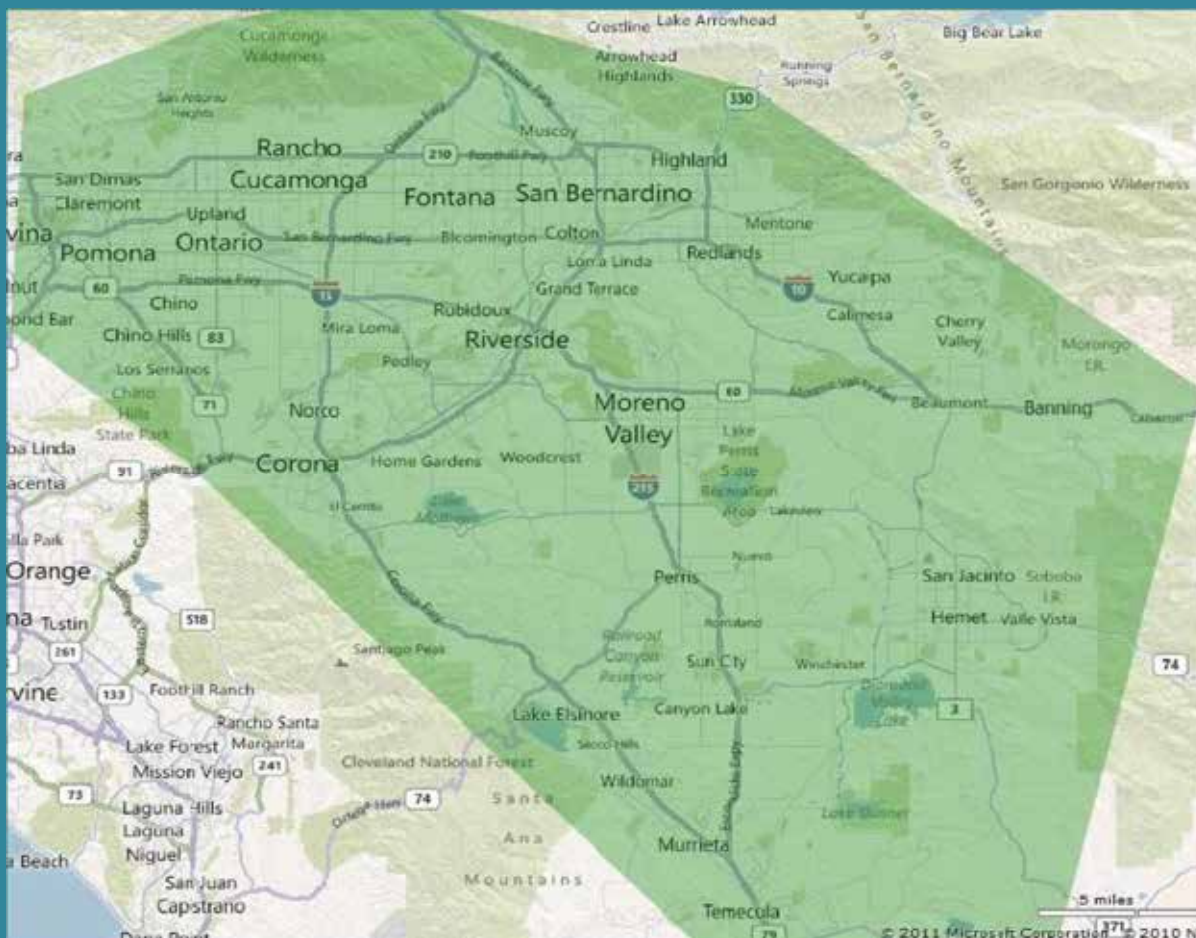
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Housing Data – March 2015



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Mark Dowling, Chief Executive Officer

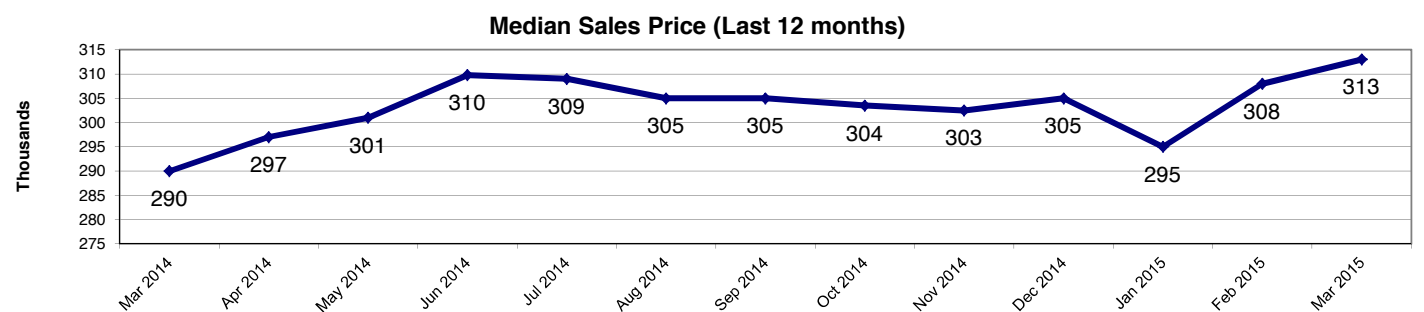
Welcome to the Inland Valleys Association of REALTORS (IVAR) monthly housing update. As a member benefit, IVAR produces monthly and quarterly housing reports to help members and area leaders better understand what's going on in the regional housing market. When reviewing the latest housing data from the region, there are a few noticeable trends emerging over the last several months:

- For the first time in years, the IVAR regional housing market saw an increase "across the board" in all five major sales transactions categories: New Listings, Pending Sales, Sold Listings, Median Sales Price and Sales Volume.
- Although cumulative days on market is up 22% year-over-year, for the first time in the last several months the CDOM dropped below 70 days to 63 days.
- Southwest Riverside County cities Temecula, Murrieta, and Menifee combined for approximately \$200 million in Sales Volume for the month of March.



	Mar-2014	Mar-2015	Annual Change
New Listings (Last 12 Months)			
New Listings	4,879	5,264	↑ 7%
Pending Sales	3,723	4,734	↑ 21%
Sold Listings	3,037	3,408	↑ 11%
Median Sales Price	\$290,000	\$313,000	↑ 7%
Sales Volume (\$M)	\$974	\$1,159	↑ 16%
Closed Listings (Last 12 Months)			
Price/Sq.Ft.	\$164	\$173	↑ 6%
Sold \$/List \$	99.06%	98.10%	↓ -1%
Days on Market	40	51	↑ 22%
CDOM	49	63	↑ 22%

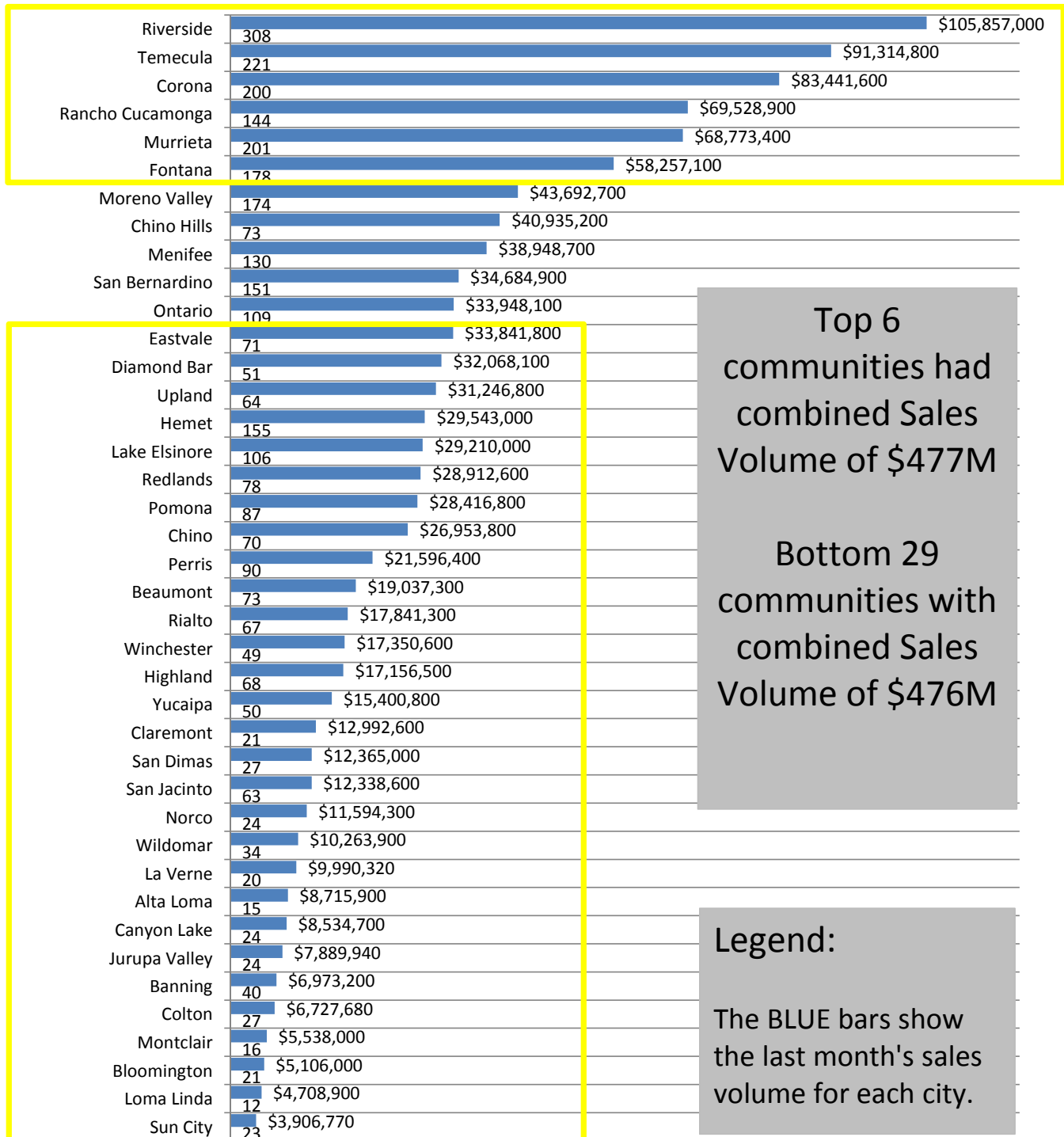
All data used to generate these reports comes from the California Regional Multiple Listing Service, Inc. If you have any questions about the data, please call the CRMLS Customer Service Department between the hours of 8:30am to 9:00pm Monday thru Friday or 10:00am to 3:00pm Saturday and Sunday at 800-925-1525 or 909-859-2040.



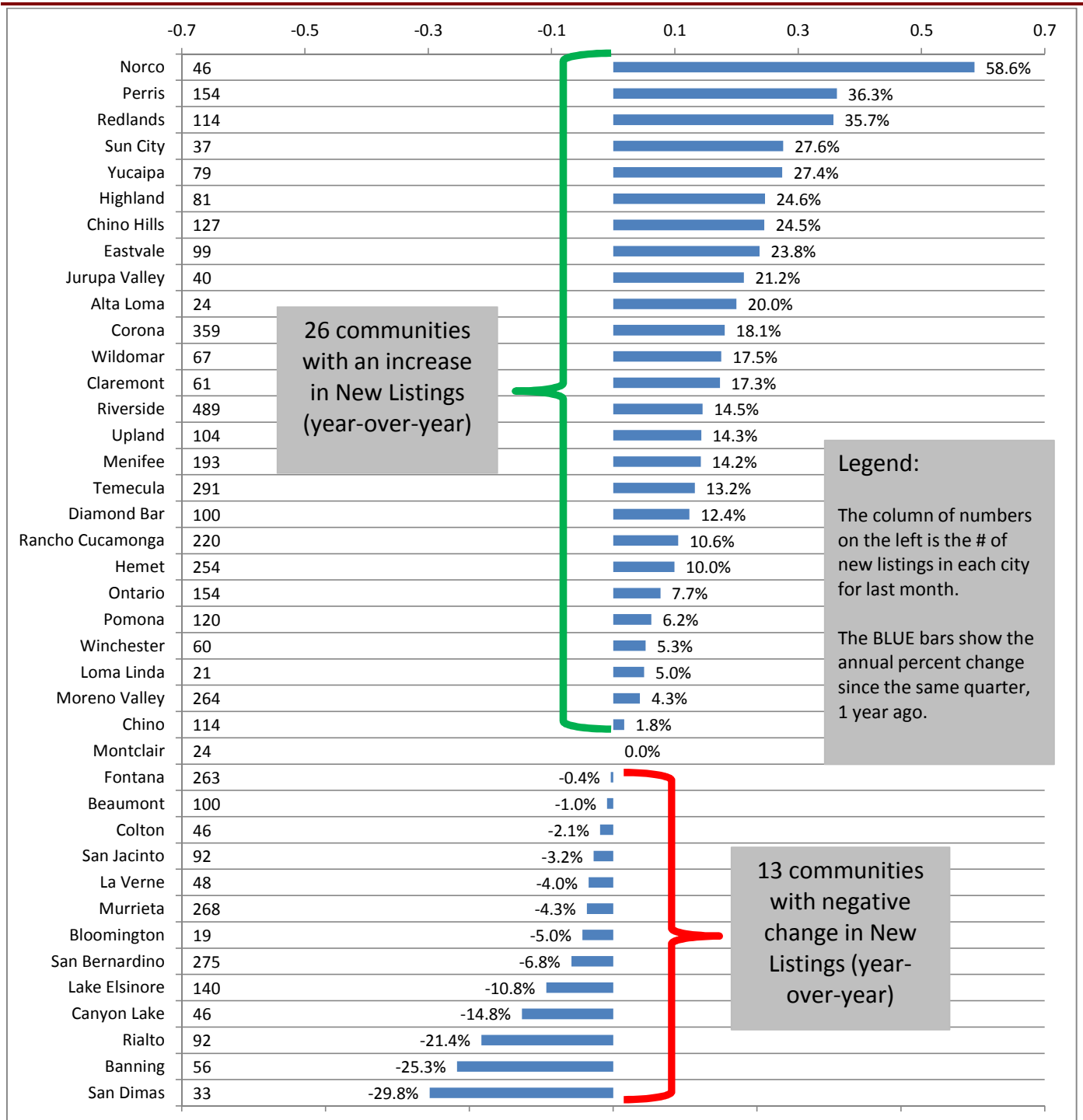
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The following monthly data shows "YEAR-OVER-YEAR" (YOY) changes as well as current conditions in the real estate market

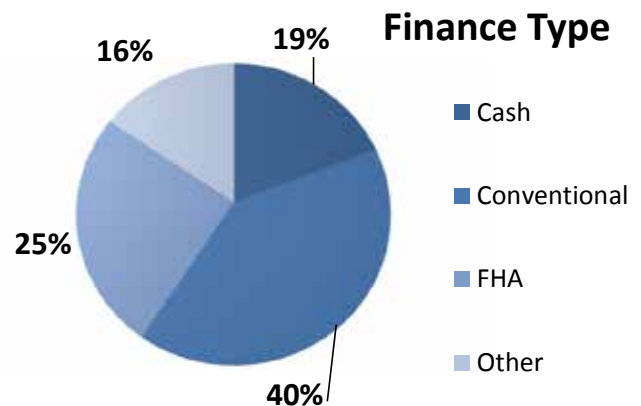
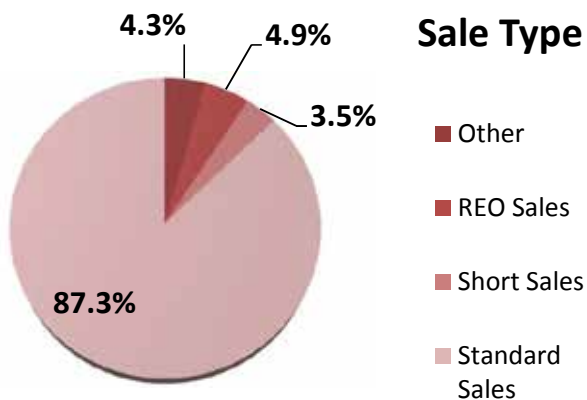
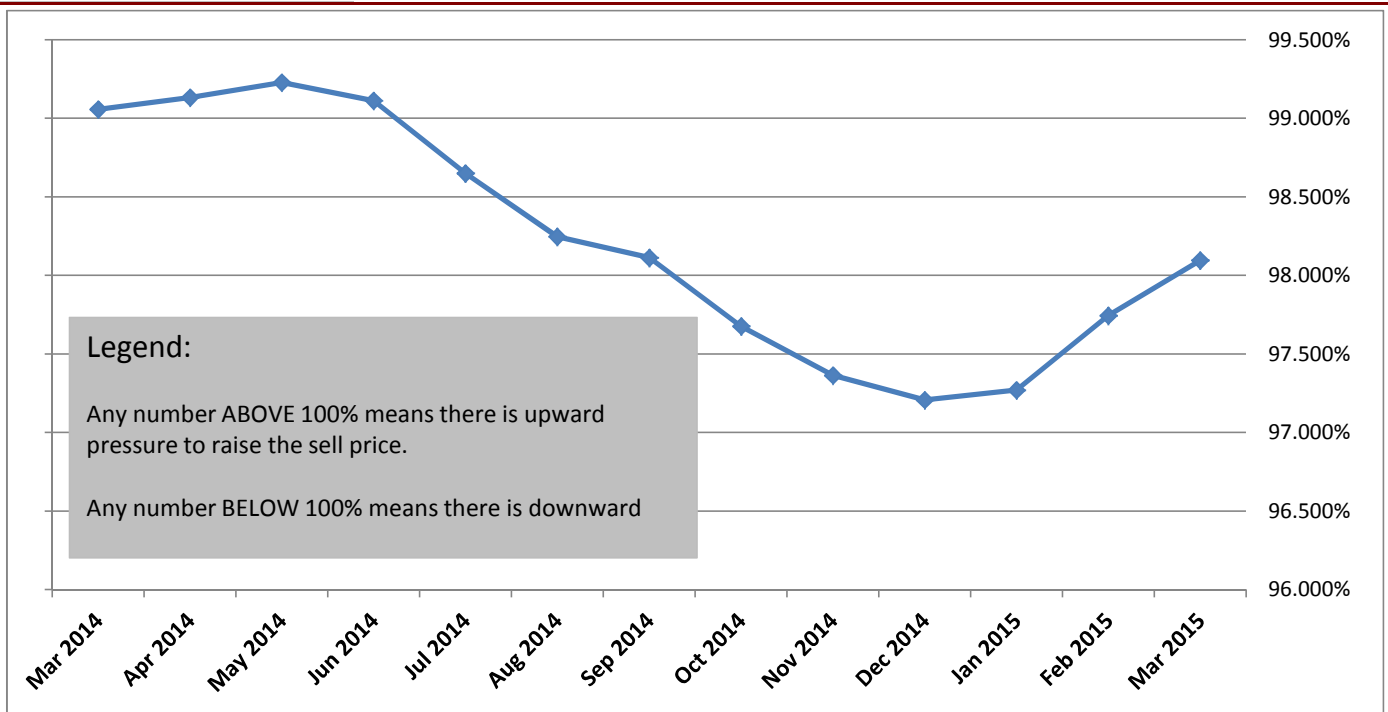
	YOY Sales Transactions	YOY Median Sales Price %	Median Sales Price \$	Price per Sq.Ft.	Total Days on Market
Alta Loma	↑ 25%	↑ 2%	\$ 465,000	\$ 246	91
Banning	↑ 11%	↑ 5%	\$ 177,000	\$ 137	104
Beaumont	↑ 24%	↑ 11%	\$ 260,000	\$ 127	71
Bloomington	↑ 110%	↑ 7%	\$ 255,000	\$ 176	72
Canyon Lake	↑ 26%	↓ -1%	\$ 333,000	\$ 176	91
Chino	↑ 11%	↑ 1%	\$ 375,000	\$ 219	62
Chino Hills	↑ 22%	↑ 10%	\$ 560,000	\$ 286	67
Claremont	→ 0%	↑ 10%	\$ 625,000	\$ 317	46
Colton	→ 0%	↑ 2%	\$ 194,000	\$ 143	37
Corona	↓ -1%	↑ 9%	\$ 415,000	\$ 201	86
Diamond Bar	↓ -4%	↓ -8%	\$ 545,000	\$ 328	60
Eastvale	↑ 42%	↑ 2%	\$ 470,000	\$ 177	75
Fontana	↑ 2%	↑ 6%	\$ 312,000	\$ 182	55
Hemet	→ 0%	↑ 8%	\$ 178,000	\$ 113	78
Highland	↑ 42%	↑ 8%	\$ 239,000	\$ 160	51
Jurupa Valley	↑ 50%	↑ 5%	\$ 315,000	\$ 188	68
La Verne	↓ -26%	↑ 2%	\$ 511,000	\$ 308	41
Lake Elsinore	↑ 26%	↑ 6%	\$ 295,000	\$ 133	75
Loma Linda	→ 0%	↑ 45%	\$ 385,000	\$ 180	97
Menifee	↑ 21%	↑ 9%	\$ 299,900	\$ 146	52
Montclair	↑ 7%	↑ 8%	\$ 335,000	\$ 232	61
Moreno Valley	↑ 8%	↑ 9%	\$ 244,900	\$ 143	64
Murrieta	↑ 23%	↑ 1%	\$ 340,000	\$ 158	67
Norco	↑ 20%	↑ 4%	\$ 469,000	\$ 227	72
Ontario	↑ 18%	↑ 18%	\$ 325,000	\$ 214	53
Perris	↑ 7%	↑ 6%	\$ 239,000	\$ 126	50
Pomona	↑ 6%	↑ 7%	\$ 320,000	\$ 240	57
Rancho Cucamonga	↓ -1%	↑ 3%	\$ 420,000	\$ 238	62
Redlands	↑ 24%	↑ 5%	\$ 310,000	\$ 206	70
Rialto	↓ -3%	↑ 8%	\$ 265,000	\$ 174	47
Riverside	↑ 12%	↑ 13%	\$ 315,000	\$ 192	62
San Bernardino	↑ 13%	↑ 15%	\$ 201,000	\$ 147	52
San Dimas	↓ -10%	↑ 9%	\$ 422,000	\$ 321	65
San Jacinto	↑ 7%	↑ 3%	\$ 200,000	\$ 111	72
Sun City	↓ -30%	↑ 0%	\$ 168,000	\$ 116	67
Temecula	↑ 38%	↑ 1%	\$ 390,000	\$ 175	62
Upland	↑ 42%	↑ 14%	\$ 469,000	\$ 251	59
Wildomar	↓ -11%	↑ 12%	\$ 310,000	\$ 141	60
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The IVAR team has worked hard to improve services and make IVAR a better business association. IVAR is committed to defining its service and building member relationships not with promotional gimmicks and giveaways, but rather by refining a business-minded approach to serve our members' professional needs with our problem-solving approach. By focusing on value-added services, IVAR is committed to being the board of choice for Inland Empire REALTORS.

If you have any questions or suggestions on how IVAR can provide better services, please feel free to contact us.

Mark Dowling, Chief Executive Officer

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The Code Is Your Business

Ethical dilemmas crop up daily. Here's how to avoid running afoul of five of the most common REALTORS® Code of Ethics complaints.

MARCH 2015 | BY GRAHAM WOOD, BRUCE AYDT

Working in real estate comes with its fair share of irritations. Agents who don't return calls in a timely manner or clients who make inappropriate demands can be frustrating, to say the least. But discerning when difficult behavior crosses the ethical line can sometimes be tricky—whether it pertains to your dealings with other REALTORS®, clients, or the general public. To help you distinguish actual infractions from misunderstandings or simply poor manners, we look at five real-life business dilemmas and describe how the REALTORS® Code of Ethics applies.

[Read more: About the Code of Ethics](#)

Disclosing Multiple Offers

It's heartbreaking to tell buyer clients they've been outbid when you didn't even know there were other offers on the table. You may feel as if you've been wronged—but is it time to call your association's grievance committee? Not necessarily.

Karen, an agent in West Palm Beach, Fla., blamed the loss of a deal last year on a listing agent who didn't disclose competing offers until the eleventh hour. Karen, who asked not to be fully identified because of the sensitivity of the matter, submitted her buyer's offer and received a preliminary acceptance from the seller. (Such an acceptance is not binding

in the way a signed purchase contract is.) The buyer even had a home inspection done. But when pressed to move forward on the deal, the listing agent said the seller was considering other offers.

"The listing agent had previously told me she was just waiting for the seller to sign the official paperwork [for the buyer's offer]," Karen says. "At no point did she say that we didn't have an executed offer. She never said anything about other offers."

Karen says she believes the listing agent's lack of candor cost her the deal because her client missed out on the opportunity to increase the offer. However, failure to disclose other offers isn't automatically a violation of the Code.

What the Code Says (Article 1, Standard of Practice 1-15 and SOP 1-13(5)): Two conditions must be met before a listing agent has any duty to disclose multiple offers: The seller must grant permission to disclose such information, and the buyer or cooperating agent must ask for the disclosure. The same applies to revealing who obtained the offers—whether they were obtained by the listing agent, another agent with the listing agent's firm, or a cooperating broker. So if Karen didn't pose the question to the listing agent, or if the seller didn't grant the listing agent permission to disclose, the listing agent did nothing wrong.

The lesson is this: Cooperating agents should always ask the listing agent if other offers exist and, if so, who procured them. They should also inform buyers that their offer and its terms are not confidential and can be disclosed by a seller to other parties. The exception: A confidentiality agreement between a buyer and seller—entered into before presenting the buyer's offer—would obligate a seller not to disclose the buyer's offer. While rare in residential real estate, such agreements are common in commercial transactions.

Transparency in Advertising

Social media tools may appear to provide a more informal way of presenting listing data, but ads posted to Facebook are subject to the same advertising standards as those that appear in print. When putting listings on social platforms, REALTORS® have a responsibility to identify themselves as real estate professionals and to show their company affiliation.

Brian Brooker, broker-associate at Carrington Real Estate Services in Boca Raton, Fla., spotted some listing ads on Facebook that gave him pause. They were posted by an agent he had long known from another state. What troubled him wasn't the content but rather her failure to identify her brokerage. "I had just finished broker classes and passed my broker exam, so the advertisement without the company name stuck out like a sore thumb," Brooker says.

Many agents assume that displaying a picture of their brokerage on the backdrop of their Facebook business page

takes care of Code compliance, Brooker adds. But that alone is not sufficient to meet the standard: Backdrop images don't show up in Facebook newsfeeds, so individual postings must include the brokerage name.

This wasn't the first time Brooker had seen this type of Code violation, but he chose not to get involved. "I didn't say anything [to the agent] because the last time I said something to someone, they asked me sarcastically if I was the 'real estate police,'" he says. "And I thought, you know what, I'm not."

What the Code Says (Article 12): REALTORS® must present a "true picture" in their advertising. No matter the medium, they must properly identify themselves as REALTORS®, licensees, and real estate professionals and identify their company name. Common posts such as "just listed, 123 Sunrise Drive" with a description of the listing do not alone make it clear that the person posting is a real estate professional.

SOP 12-5 requires that any advertisement of real estate services or of listed property must disclose the name of the REALTOR®'s firm "in a reasonable and readily apparent manner." Exceptions exist for media with "abbreviated" formats, such as thumbnails, text messages, and tweets. In these cases, the REALTOR® is not required to include the company name in the actual abbreviated format, as long as there is a link back to a display of the REALTOR®'s full information, including company name.

[Learn how state and local boards are making sure members adhere to the Code.](#)

Disclosure of Property Defects

Sometimes, sellers would rather not disclose significant problems with a property, and it may seem that the responsibility to act in a client's best interest gives listing agents a reason to go along with the pretense. However, the Code prohibits REALTORS® from misleading buyers on the material facts about a home. If an agent knows about a property defect, disclosure is necessary regardless of the seller's wishes.

Sherry Hutchens, a sales associate with Dudum Real Estate Group in Walnut Creek, Calif., recognized this when one of her sellers tried to hide a termite problem with her home. Despite the termite rods—filled with chemicals—running from the foundation and along the stucco exterior of the house, the seller wanted to make it appear as though there was never a problem.

"[The seller] called me one day and asked me to come to the house with my digital camera," Hutchens recalls. "When I arrived, I found her on the side of the house wearing rubber gloves and scrubbing the termite rods with Brillo pads." The seller requested that Hutchens take photos of the cleaned rods to "prove that the termite inspector was wrong" about

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the home's current condition.

Hutchens rightfully refused—and the seller fired her.

The loss of the client was a small price to pay compared to the sanctions Hutchens could have faced had she done what the seller asked. That breach of the Code of Ethics would likely have violated the license law, too, and it could have put her real estate license in jeopardy and triggered legal action by a duped buyer.

What the Code Says (Article 2): “Avoid exaggeration, misrepresentation, and concealment” of “pertinent” facts about the property or the transaction, this Article says. Typical scenarios that come up under Article 2 involve a seller who does not want to disclose a matter of significance about the home. To avoid the risk of a Code violation and possible legal action that may result from a seller's failure to disclose, REALTORS® should err on the side of disclosure.

Similarly concerning is when a seller refuses to disclose an issue because it has been “fixed.” The problem here is that there are many ways to define how something was fixed. The best thing to do is to ask the seller for documentation of the fix, including a paid receipt, and then discuss disclosing and providing evidence of the fix to a new buyer.

A seller's refusal to disclose a significant fix to a property can result in serious liability issues for an agent if the agent knows about it and the fix fails or was inadequate.

What's the penalty for a Code violation?

The maximum fine for an ethics violation is \$15,000, but it's up to each association's hearing panel to decide what an appropriate sanction is for each case. In general, if the violation is considered to be relatively minor, such as an advertising mistake that did not cause significant harm and was mainly due to a lack of knowledge of the Code, a fine of \$500 or less may be imposed. But if the violation is very serious, such as an escrow account problem that caused substantial harm and was knowingly committed, then a fine at the top end of the \$15,000 maximum may be recommended by the panel.

Client Confidentiality

Certain client information is subject to confidentiality, even after the relationship ends between the client and agent. Most notably, a client's price position, negotiating position, and motivation to buy or sell cannot be shared with anyone else. Here's an example: Sellers tell the agent that they would lower their asking price from \$245,000 to \$210,000 if they had to. The agent is not free to disclose this, even if a deal falls through.

Linda Hobkirk has seen a number of agents break this rule. Her home state of Arkansas allows for dual agency, where an agent or brokerage can represent both the buyer and seller in a transaction. The agent or brokerage must keep the buyer's and seller's information confidential at all times.

But in cases where a deal goes bad and the house falls out of contract, many agents have “loose lips” and start carelessly revealing information about buyers and sellers to third parties, assuming their duty to keep quiet ends when the client relationship does, says Hobkirk, an associate with Coldwell Banker Harris McHaney & Faucette Real Estate in Rogers, Ark.

“We are very similar to doctors and lawyers in that we must protect confidential information unless ordered by a sitting judge to release it,” she says.

Some information, however, is not subject to confidentiality. For example, since a seller cannot expect an agent to conceal significant property defects from a buyer, the seller likewise cannot demand that the agent keep that information confidential after their business relationship has ended. Therefore, an agent can disclose the existence of property defects to anyone, including another agent the seller decides to work with.

What the Code Says (Article 1, SOP 1-9): A client cannot require an agent to keep confidential any information that would be required to be disclosed to a buyer. Any other information defined as confidential may not be disclosed. But the question remains concerning how long the duty of confidentiality lasts. SOP 1-9 says the duty of confidentiality exists during and after the termination of the agency relationship. However, if there is a conflicting standard under state law as to how long confidentiality lasts, state law will rule.

Many states follow the SOP 1-9 standard of confidentiality, but one state that differs is North Carolina, where state law says the duty of confidentiality ends at the termination of the agency relationship.

Soliciting Another Agent's Listing or Buyer Agreement

The only time an agent may not solicit another agent's client is when that client is subject to an exclusive agreement with his or her agent. However, when a client has a nonexclusive agreement with an agent, the client is fair game to any other agent.

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Exclusive agreements are in the best interest of the client, which is why the Code offers them protection. With nonexclusive agreements, sellers, for example, may work with several listing agents to list a property, but the agent who procures the buyer is the only one who gets paid. That offers little incentive for the listing agents to work hard for the seller when they know they may not receive compensation. In exclusive agreements, the client works with one agent, and that incentivizes the agent to do his or her best for the client.

Tammy O'Neill, an agent with RE/MAX Fine Homes in Newport Beach, Calif., had another agent go after her client despite their exclusive buyer agreement.

"I had an agent go to my client's house right after I showed that agent's listing and solicit my client to work with her in finding a home," O'Neill says. "Yes, she went right to the door and tried to steal my client. Needless to say, it didn't work, and my client and I closed on a beautiful house."

The offending agent's actions constituted a Code violation because she initiated contact with a client who was already

subject to an exclusive buyer agreement. However, there are conditions where certain interactions between a client bound by exclusivity and another agent are fair.

What the Code Says (Article 16): On the seller side, sending mass mailings to groups that may incidentally include an owner who is exclusively listed with another agent doesn't violate Article 16. However, REALTORS® are prohibited from discussing listing a property with such an owner—unless the owner initiates the contact. On the buyer side, SOP 16-9 requires that before a REALTOR® enters into an exclusive buyer agreement, he or she must use reasonable efforts to determine whether the buyer is already subject to one. Should the REALTOR® find that the buyer is already subject to an exclusive buyer agreement, the REALTOR® must direct the buyer back to his or her exclusive broker unless the buyer directs them otherwise.

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A First-Time Buyer Comeback?

More jobs and a strengthening economy may give homes sales a jolt this spring.



MARCH 2015 | BY LAWRENCE YUN

2015 got off to a snowy and sluggish start for residential markets. While running at a faster clip than at the same time 12 months earlier, January's closing activity clocked in markedly lower compared to the final months of 2014.

Sure, the severe weather experienced by much of the country had a hand in the tepid performance—an annual pace of just 4.8 million sales. But other factors, apart from the season, could be restricting home sales.

First, buyers are not excited by their choices. Inventories are low and falling. The supply of homes fell in January for the second straight month on a year-over-year basis, after having risen for 16 straight months, and are far below what the market needs. Larger inventories not only help to motivate buyers, they also keep prices from rising too quickly.



may find a larger available pool as hard-hat workers leave the slowing oil drilling industry in favor of construction, which is experiencing wage hikes. As a result, we could see a 30



Inventory remains low in many areas, and income growth lags behind home appreciation.

But the news is not all grim. Demand for new construction is rising, and with it the need for workers. Homebuilders, who have been scrambling to find skilled laborers,

percent increase in new-home sales this year.

Second, there could be a change in lifestyle as young adult households—millennials—settle in as renters. Does this generation prefer not to be tied down? It's too early to tell. The home ownership rate—now at 64 percent—is at its lowest level in more than 20 years.

Practitioners are seeing more activity from buyers as interest rates remain low and financing becomes easier to obtain, at least in some markets.

This phenomenon may have little to do with lifestyle choices and more to do with economic realities. After all, the number of millennials—those in their 20s and early 30s—living with their parents is at sky-high levels, and it's doubtful that staying with mom and dad is their idea of freedom. More likely, they've felt hampered trying to find stable, good-paying jobs, let alone obtain mortgage financing in today's overly strict environment.

But there are hopeful signs here as well. Jobs and wages are steadily improving. The mortgage credit box is opening up a bit. When you look at these trends along with the improving prospects for home construction amid a strengthening economy and continuing low interest rates, first-time buyers could be poised for a comeback in 2015. Overall, we could see a good year ahead. The formation of more new households is something parents, as well as their young adult children, can smile about.

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9:00am – 12:00pm
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THURSDAY, APRIL 30TH

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Start Me Up – Agent Mentoring Course
10:00am – 3:00pm
IVAR Riverside Office

MONDAY, MAY 4TH

Education
CRMLS Free Training
10:00am – 1:00pm
IVAR Riverside Office

WEDNESDAY, MAY 6TH

Networking
Breakfast Meeting
8:00am – 9:30am
IVAR Riverside Office

WEDNESDAY, MAY 13TH

Education
The Main Ingredients to Wealth Building
10:00am – 12:00pm
IVAR Rancho Cucamonga Office

THURSDAY, MAY 14TH

Education
Notary Public
8:30am – 11:30am
IVAR Rancho Cucamonga Office

FRIDAY, MAY 15TH

Education
New Member Orientation
9:00am – 11:30am
IVAR Rancho Cucamonga Office

