

PRESIDENT'S MESSAGE MARCH 2004

Hi everyone!

It's hard to believe that Spring is just around the corner, and our prime real estate market is just in the wings.....or so one would think so based on past history. Not so.....the first two months of this year have been very strong months, again due to low interest rates and a lack of inventory. And, there are no signs of it letting up in the near future.

We have lots of great things going on at the Association of REALTORS®. On February 24th, we just completed a Candidates Forum for the Santa Cruz County Supervisors candidates. This event was hosted by the Santa Cruz Association of REALTORS® and moderated by the League of Women Voters. This was another example of the type of events we would like to continue to hold to benefit our community and to fulfill an outreach program outlined in our strategic plan. Many thanks to Dan Davis and Rose Marie McNair for organizing the event.

The next exciting event coming up on March 3rd is the Santa Cruz Chamber of Commerce Housing Symposium and Exposition. The event will be held from 1:00 – 7:00 pm at the Coconut Grove. The Association of REALTORS® will be one of the main sponsors for the event, and we are hoping there will be a lot of representation on-site from the REALTOR® community. Advance Symposium class registrations and information about the trade show are on-line at www.santacruzchamber.org/building.htm (see ad on back page). We hope to see you there.

Every RE InfoLink subscriber received a direct mail from Dick Gourley, Interim CEO, with his comments on the progress to date based on the assessments they have gathered. Dick attended the Santa Cruz Board of Directors meeting on February 6th, and we had a chance to share our opinions and wishes with him.

The California Association of REALTORS® meetings in Palm Springs at the end of January were very productive as always. We have some major issues concerning the future of California on the March ballot. It is imperative that everyone in this community educate themselves on these bond measures and get out to vote! The issues were discussed in length at the C.A.R. meetings, and their position is cast a "YES" vote on Propositions 55, 57 and 58, and a NO vote on Proposition 56. After the Directors returned from Palm Springs, we had a very well attended Office Liaisons meeting to disseminate the information to all REALTORS® through their office meetings.

This continues to be a very busy year, so watch for many more exciting events that will be forthcoming. In the mean time.....continue to rise to the occasion, and enjoy this wonderful place and opportunities we have been given!



Peggy Gillett
2004 President

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INSIDE REAL ESTATE

Is published monthly by the Santa Cruz Association of REALTORS®
2525 Main Street, Soquel, CA 95073
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Comments about an applicant's admittance should be submitted in writing to the:
Santa Cruz Assn. of REALTORS®,
2525 Main St., Soquel, CA 95073.

COASTAL HOMES UPCOMING AD DEADLINES

COASTAL HOMES NEWSPAPERS:

AD DEADLINE: Wed., March 3
 PUBLISHED: March 16

AD DEADLINE: Wed., March 17
 PUBLISHED: March 30

MARCH MONTHLY ISSUE

AD DEADLINE: March 1

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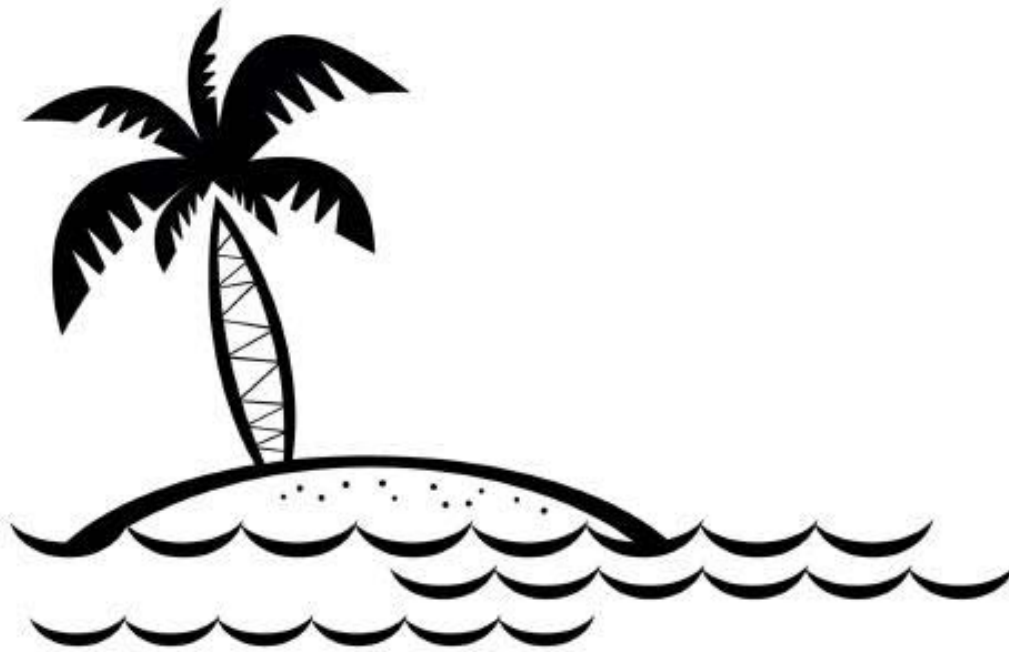
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SANTA CRUZ ASSOCIATION OF REALTORS® N.A.R. NEWS

COLD CALLERS MUST TRANSMIT CALLER ID INFO

Included in the amendments to the telemarketing sales rule, which created the National Do-Not-Call Registry, is a provision that requires all telemarketers to transmit their telephone number, and where available, their name to a consumers' caller ID service. Effective Jan. 29, anyone who makes cold calls and has previously blocked this information from caller ID services

must now make accommodations to comply with this new requirement. For more info, CONTACT: Jeanne Delgado, 202/383-1079, jdelgado@REALTORS.org or see the FTC Press release at <http://www.ftc.gov/bcp/online/pubs/alerts/calleridalrt.pdf>

RESPA REFORM ON THE FAST TRACK, NAR NEEDS YOUR HELP!

Contact your Congressional representatives today and ask for their help to stop the RESPA Reform rule from going forward in its current state. The rule is believed to include the Guaranteed Mortgage Package (GMP) provision and removes the prohibition against kickbacks and unearned fees. Login to the NAR Action Center to send a fax to your representatives

asking them to urge the Office of Management and Budget to send this RESPA rule back to HUD for additional public comment. Register at the NAR Action Center and have your voice heard on Capitol Hill. To access, Go To: <http://www.naractioncenter.com>

NEW PROGRAM TO EXPAND HOUSING OPPORTUNITIES IN AMERICA'S CITIES

NAR and the U.S. Conference of Mayors last week announced the launch of the REALTORS Ambassador to Cities initiative with a goal of expanding housing opportunities and homeownership in four to six cities this year, and more in 2005. Through this NAR Housing Opportunity Program initiative, REALTORS and mayors will work together on affordable housing initiatives to raise city homeownership rates. The first joint program, launched

last week in Memphis, Tenn., includes education for real estate professionals on available homeownership assistance and funding for research to ensure that the assistance meets the needs of local homebuyers. For more info, CONTACT: Amy Fletcher, afletcher@realtors.org, 202/383-7560 or Go To: <http://www.realtor.org/housopp.nsf>

JOB GROWTH BECOMING MORE IMPORTANT THAN INTEREST RATES

In 2004 labor markets will play an increasingly important role in the continued strength of the housing market, according to NAR. David Lereah, NAR's chief economist, said the 30-year fixed-rate mortgage will move modestly higher this year. "Fixed-rate loans currently are around 5.7 percent, but we project a gradual rise to 6.5 percent in the fourth quarter," he said. "As

interest rates move up, the strength of the housing market will depend largely on job growth—which we expect to accelerate and drive demand for homes as the year progresses." For more info, Go To: <http://www.realtor.org/publicaffairsweb.nsfPages/JobGrowthHomeSales>

GUIDE TO TARGETING BABY BOOMER CLIENTS

NAR's Virtual Library has updated its guide on selling to clients over 55. As more and more baby boomers approach their golden years. The interest in senior housing is booming. Discover how to understand and market to the special needs and goals

of seniors with tools including statistical data and available housing and finance options. Also access links to several informative and practical websites. Access the guide at <http://www.realtor.org/libweb.nsf/pages/fg211>



NEW – SAFE-CALLING™ COMPLIANCE KIT

The Safe-Calling™ Compliance Kit for Real Estate Professionals is a new Risk Management package designed for brokers and office managers to train their staff on the federal do-not-call rules. The Kit spells out best practices and policies to comply with federal regulations, as well as hands-on staff training tools. This convenient

package helps brokers comply with the safe-harbor provision of the do-not-call regulations, and helps protect an office from potential fines. The Kit includes a package of 25 Consent for Communications forms, a Spiral Bound Book, Sample tracking logs, and a Handy Quick Reference Guide. Visit www.car.org for more information.

HOUSING MARKET INDEX FALLS FOUR POINTS IN FEBRUARY

Unusually bad winter weather across much of the country helped push the Housing Market Index (HMI) for February down four points, according to a report released in the third week of February by the National Association of Home Builders (NAHB). The monthly gauge of single-family builder confidence now stands at 65, its lowest level since July 2003. "Many builders reported drop-offs in buyers visiting model homes in early February, and a large percentage attributed those declines to bad weather," said NAHB President Bobby Rayburn. The HMI is derived from a monthly survey of builders that NAHB has been conducting for nearly 20 years. Homebuilders are asked

to rate current sales of single-family homes as "good," "fair," or "poor," where any number over 50 indicates that more builders view sales conditions as good than poor. Each of the HMI's component indexes declined in February. The index gauging traffic of prospective buyers slipped five points to 46, followed by the index gauging current sales of new single-family homes, which declined four points to 72. The index gauging expected sales in the next six months slid three points to 73. For more information, visit: http://www.nahb.org/news_details.aspx?newsID=752

2003 WAS A BANNER YEAR FOR CALIFORNIA HOUSING MARKET

The housing market in 2003 broke several records that were set in 2002. Sales of detached existing single-family homes exceeded 2002's record-setting pace of 572,500 units by a projected 4.2 percent, while the median price will easily achieve a new high, having exceeded \$400,000 in August 2003 for the first time ever. Despite the record highs in the median price, inventory levels were at or

near record lows in the past two years ranging between 2 and 3 months, the median price discount was less than 1 percent, and time on market was at a mere 2 weeks, all signs of unrelenting demand. For more information, please visit: <http://www.car.org/upload/economics/2003Enouncement/sld001.htm>.

HUD REISSUES FHA MULTIFAMILY LOAN COMMITMENTS

HUD began reissuing FHA multifamily loan firm commitments on Jan. 30. Program activity had been on hold since Jan. 14, when HUD temporarily ceased endorsing new single-family mortgages insured under

either the General Insurance Fund or Special Risk Insurance Fund, and it ceased FHA Title I insurance activity as well. The basic Section 203(b) home loan program was not affected. The resumption of program activity

follows the signing of the federal fiscal 2004 Omnibus Budget Resolution. For more info, CONTACT: Peter Morgan, pmorgan@REALTORS.org 202/383-1233.

ERRORS AND OMISSIONS INSURANCE

C.A.R. formed a task force in 2003 to identify and investigate a variety of mechanisms for the purpose of increasing the long-term availability and ensuring the affordability of Errors and Omissions Insurance for

California REALTORS®, including legislation, member risk management programs and internal and external business opportunities. As a result of the efforts of the task force, a Q&A is now available on

www.CAR.org at Errors & Omissions Insurance Questions and Answers. We hope the information in this document will assist members in evaluating and obtaining E&O insurance.

CONDITIONAL OFFERS OF COMPENSATION AND CHANGES TO C.A.R. MODEL MLS RULES

Over the course of the past few years, many MLSs, as well as their participants and subscribers, have had an increasing number of questions and concerns about varying commission rates, or what NAR terms "conditional offers of compensation," made through the MLS. Such a "conditional offer of compensation" is one where a listing submitted to the MLS varies the amount of compensation payable to cooperating brokers based on the performance or nonperformance of certain activities. Essentially, one rate is offered if "xyz" occurs and another rate if it doesn't. A classic example would be where a listing broker offers to compensate the successful cooperating broker more if the cooperating broker shows the property to the buyer than if said cooperating broker does not show the property to the buyer. Other examples include conditioning the rate of compensation offered on close of escrow by a date certain or receipt of a full price offer.

According to NAR, as long as NAR's MLS policy relies solely on the procuring cause test as the basis for entitlement to a cooperating broker's share of a commission when such offer is made through the MLS, it will be a violation of NAR policy to condition or offer varying amounts of compensation through the MLS to other participants based on whether they perform – or not perform – certain acts that are "sub-activities" under the umbrella of procuring cause or are

additional acts beyond that necessary to qualify as procuring cause.

While NAR has clearly communicated this policy behind the scenes to C.A.R. Legal, MLSs and practitioners out in the field had to "read between the lines" to determine it, generating a degree of uncertainty about the policy as well as enforcement of the policy.

Therefore, in order to provide clarity to this issue, at the January 2004 C.A.R. Business Meetings, C.A.R. voted to revise the C.A.R. Model MLS Rules to expressly state that conditional offers of compensation made through the MLS violate the MLS Rules. Furthermore, in the event a listing broker refuses to comply with this requirement in the way he or she makes an offer of compensation, the Rules also give the MLS the authority to enforce the rules by removing the offending listing if it should come to that. These revisions, contained within C.A.R. Model MLS Rule 7.12, have received final approval from NAR, and the newly revised CAR Model MLS Rules, effective February 1, 2004, are now posted on the MLS section of the CAR Legal site and are available by visiting: <http://www.car.org/index.php?id=NjE1>.

As with all revisions to the C.A.R. Model MLS Rules, the changes only go into effect in each local area of the State once adopted by one's local Association/MLS.

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