

CALIFORNIA Real Estate

OFFICIAL MAGAZINE OF THE CALIFORNIA ASSOCIATION OF REALTORS®

www.car.org • <http://ca.realtor.com>



Who's Lurking in Your Transaction?

Don't get duped by mortgage fraudsters.

TIRED OF DRAGGED OUT SHORT SALES?

PREO closes short sales in 30 days

PREO online marketplace makes short sales work. Every property—short sale, REO and pre-foreclosure—has a minimum bid set by the bank so offers are answered in days instead of months. PREO helps you help your distressed clients with online management for all your listings, including simplified bank communications, electronic document uploads and e-signatures.

PREO helps you with:

- Commission on both sides
- Web marketing to attract more prospects
- FREE MLS-style listing with map and photos
- Closings as fast as 30 days
- More earning opportunities

Learn more about PREO at PREO.com.



The way to buy and sell houses today.

www.PREO.com

Beth L. Pearce
President

LeFrancis Arnold
President-Elect

Don Fought
Treasurer

Joel Singer
Executive Vice President/
State Secretary

Anne Framroze
Vice President/Publisher

Bonnie Becker
Senior Editor
bonnieb@car.org

Nancy Duckworth Banks
Art Director

Stacey Katzin
Director of Advertising Sales
(213) 739-8321
staceyk@car.org

Tony Vaccaro
Production Manager
(213) 739-8320

Classifieds/Referrals
(213) 739-8288

2011 Communications Advisory Committee

Chair Irene M. Reinsdorf, Vice Chairs
Paula J. Cosenza and Cathlyne M. Scharetg,
Committee Liaison Geoff McIntosh,
Erin N. Attardi, Chuck Lamb,
Terriann McGowan, Angela Ordway,
Emily Schwartz, Wes Seastrom,
Bill Sloan, Sherri Souza,
Erik A. Weichelt, John Winther

► *California Real Estate* (ISSN: 0008-1450) is published monthly, except bimonthly in January/February, March/April, June/July, and November/December by the CALIFORNIA ASSOCIATION OF REALTORS®, publishers and owners, 525 S. Virgil Ave., Los Angeles CA 90020. Periodicals postage paid at Los Angeles, CA and at additional mailing offices.

► Member subscriptions of \$6 are paid with annual dues. Non-member subscriptions are \$24 per year. Subscriptions outside the U.S. are \$44. Single copies are \$3 in the U.S. and Canada. Allow 6 to 8 weeks for new subscriptions.

► This publication is designed to provide accurate and authoritative information regarding the subject matter covered. It is offered with the understanding that the publisher is not engaged in rendering professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought. Articles which appear in *California Real Estate* are an informational service to members. Their contents are the opinions of the authors alone and do not necessarily represent those of the CALIFORNIA ASSOCIATION OF REALTORS®.

► Permission to reprint articles appearing in *California Real Estate* magazine must be requested in writing. Also include purpose for request.

► While this magazine makes a reasonable effort to establish the integrity of its advertisers, it does not endorse advertised products or services unless specifically stated.

ADDRESS CHANGES: for C.A.R. members must be communicated through the local Board of REALTORS® to which the member belongs.

POSTMASTER: send address changes to *California Real Estate*, 525 S. Virgil Ave., Los Angeles, CA 90020.



Taking Short Sales to Task

As 2011 President of C.A.R., I know it is imperative that our Leadership Team take a pro-active role in helping our members be successful. We've all seen our agents struggle to close their transactions—even after months of negotiations and paperwork—in the short sale and HAFA arena. We have appointed a Short Sale Task Force to try to address some of these ongoing challenges that our fellow REALTORS® are facing when trying to close a short sale.

We recently sent letters to officials at the Department of the Treasury, the Federal Housing Finance Agency, Fannie Mae, and Freddie Mac outlining changes to the HAFA program that we believe would help the program thrive. Among our suggestions are requiring servicers to comply with HAFA timelines, increasing monetary incentives to senior and subordinate lien holders, enforcing other HAFA rules, providing uniform guidelines for all HAFA programs, and mandating lenders to approve and complete HAFA short sales. Voicing our collective concerns to the financial community is just our first step toward reforming the short sale transaction.

We also have met with some of the top people at Bank of America to ask for their help, and to offer C.A.R.'s, in streamlining and improving the short sale process, and we plan to meet with other lenders over the coming weeks to continue our efforts. I know distressed market listings can be a daunting proposition, but with the state of the current housing market, we need to find a way to make these transactions more manageable. After all, selling the sizable inventory of distressed properties to buyers who can afford them is a key component to market recovery.

Because short sale listings often involve sellers desperate to unload their underwater properties, these transactions are ripe for real estate fraud. Whether it's a property flipping scheme or a loan modification deal designed to take advantage of a struggling homeowner, real estate fraud has become a growing problem in today's distressed market. To examine the problem and help agents and their clients be on the lookout for suspicious activity, we are featuring several articles in this issue that focus on fraud prevention.

From negotiating short sale transactions to avoiding getting caught up in a fraudulent transaction, it's a tough time to be a REALTOR®. It is during these times that we all must work together to protect property rights and to keep the transaction safe. We look forward in the coming months ahead to meeting with other professionals in our related industries in a continuing effort to work on the challenges we face in this market downturn.

Sincerely,

Beth L. Pearce



With Stewart Default Services' unique approach to REO transactions, you can have your cake and, well, you know.

Another reason why Stewart Default Services is the right choice for you.

No other default services company enables you to work with a dedicated team of closing officers who specialize in REO transactions without sacrificing people with local expertise. Stewart certified REO closing officers in each of our local offices work with our central office to provide you with access to a wealth of experience in REO transactions. This means you don't have to sacrifice service for expertise. It also saves you time and effort. Add in our SureClose® technology that enables you to check the status of your files any time, day or night while reducing your transaction's environmental impact and you can see how working with Stewart means you can have it all.

Contact us today for more information on our REO transaction process and why Stewart Default Services is the right choice for you.

Stewart Default Services
(888) 210-6524 stewart.com/defaultservices

stewart®

© 2011 Stewart.

Contents

[MARCH/APRIL 2011 | VOLUME 91 | NUMBER 2]



Features

17

Roundtable | Crime & Real Estate

Experts from the real estate, banking, and law enforcement worlds tackle real estate fraud and how to spot it.

20

You've Been Scammed!

Buyers and sellers share real-life horror stories of real estate transactions gone awry.

BY DINAH ENG

22

If It Sounds Too Good to Be True...

Learn the warning signs to avoid getting scammed.

BY STELLA H. LING, ESQ.

24

Selling by Numbers

The right data can help home buyers and sellers understand the true value of a home.

BY SARA SUTACHAN AND ROBERT KLEINHENZ

26

Profile | Eric S. Belsky

The Ivy League's housing expert

BY ROGER CRUZEN

Departments

3 President's Forum

› Taking short sales to task

7 Industry News

- › DRE tightens regulations for Continuing Education (CE) coursework
- › C.A.R. launches Home Payment Protection Program (HPPP)
- › C.A.R. Social Media Boot Camp

10 Legal

› New year, new laws

BY SONIA M. YOUNGLOVE, ESQ.

12 Technology

› Geotagging puts you on the map

14 Member Benefits

› Money-saving member benefits

34 Market Update

Stats, Graphs & Chat

›› COMING NEXT ISSUE:

Head in the Clouds—Grounded in Technology: How can agents use cloud computing, HQ tags, geotagging, and other digital advancements to help them grow their businesses? Can social media efforts help REALTORS® sell more homes? Learn more in the May issue of *California Real Estate* magazine.



Unlock Your Savings With C.A.R.

Our Member Advantage Program Is Your Key to Member Savings

- Get up to 28 percent savings on your UPS shipping needs.
- Use TransUnion SmartmoveSM—just \$20 per rental applicant screening!
- Save \$100s on unlimited calling plans with T-Mobile.

**For a complete listing of Member Advantage Program partners,
visit us online at www.car.org/memberadvantage.**

C.A.R. We're All About You.



C.A.R. is a co-sponsor of NAR's REALTOR Benefits[®] Program for the following partners: Avis, Budget, Dell, Entertainment[®] Book, HP, Lenovo, Lowe's, IdentitySecure, and Xerox.

[C.A.R. EDUCATION]

School Rules

The California Department of Real Estate (DRE) has tightened the requirements and regulations for Continuing Education (CE) coursework. Many of the changes for CE credited courses revolve around online coursework and how tests are taken.

For example, students now must spend an online course's allotted clock hours studying the materials before they take the exam. And, after each chapter/section, students are required to complete an incremental assessment before proceeding to the next chapter/section. To ensure that students don't plow through the materials too quickly, only eight hours a day can be registered toward the course's time allotment, so if a student is taking a 12-hour CE course, they must study the materials over at least two days before taking the final exam.

When it comes time for the online final, students are allowed a maximum of one minute per question and must not be able to print or download the exams; the exam will time-



out when the maximum completion time has been reached. Ninety percent of the questions must now be multiple choice, and only 10 percent of the questions can be used in quizzes and exams leading up to the final. In addition, students only may test for up to 15 CE units per 24-hour period.

If a student fails the final, he or she may take a different version of the test one more time, provided that all of the questions are different. If the test is failed again, the student must reenroll and recomplete the course in its entirety.

Learn More >

To view the complete DRE list of changes to continuing education courses, visit www.dre.ca.gov/pdf_docs/2009_Continuing_Education_final_adoption.pdf.

[TECHNOLOGY UPDATE]

Searching by Lifestyle

>> Your clients are looking for a three-bedroom fixer in an arty setting, but want a safe neighborhood with good schools. To find property listings that meet very specific requirements like this, agents soon may be able to scan property portals for clients' "lifestyle" qualifications.

Imagine being able to review school ratings and test scores, population demographics, and local points

of interest as they relate to prospective housing. According to a new report from the WAV Group, three new listing portals are readying to launch lifestyle search capabilities developed by or in conjunction with Onboard Informatics. Onboard Informatics' new search engine option, delivered as an API (application programming interface), scans a database with 1.6 million points of interest on more than 75,000 neighborhoods, providing more thorough information than Internet data exchange (IDX) search sites.

Onboard also is working

with real estate franchisor EXIT Realty Corp. International, MLSListings Inc., and the *New York Daily News* to add lifestyle search capabilities to their sites. For example, potential home buyers can assign relative importance to such factors as "Fun, Hip and Trendy," "Family Friendly," "Excellent Schools," and "Cultural Activities" on EXIT Realty's site. Median home price and commute time to destination are additional considerations. Once in the "Neighborhood," more neighborhood details can be searched before reviewing properties.

[SIGN UP NOW!]

Be a Social Media-Savvy Camper

>> Not sure how to use Facebook, Twitter, and other social media outlets to help grow your business? Power up, plug in, and get charged at C.A.R.'s upcoming Social Media Boot Camp on April 15, 2011, in the Embassy Room at the Davidson Conference Center on the University of Southern California campus in Los Angeles. The one-day seminar is designed to help social media newbies find their way in the e-universe. Boot Camp sessions will focus on how to define your social media plan, understanding the value of new media, building a brand identity through social media, maintaining a content-rich blog, and much more. Admission is \$55. For more information on C.A.R.'s 2011 Social Media Boot Camp, visit www.car.org/meetings/bootcamp/. In the meantime, start following C.A.R. on Facebook at www.facebook.com/CAREALTORS, on Twitter at www.twitter.com/CAREALTORS, on LinkedIn under CALIFORNIA ASSOCIATION OF REALTORS®, and on YouTube at www.youtube.com/carealtors.

TALK BACK! We'd love to hear your comments about this issue and the types of articles and subjects that you'd like to read in upcoming issues. Send them to bonnieb@car.org.

[MEMBER PROGRAMS]

Seal the Deal

Following the success of the California Association of REALTORS® Housing Affordability Fund Mortgage Protection Program, C.A.R. has launched the Home Payment Protection Program (HPPP), a new program that pays a home buyer's mortgage if they are laid off from their job.

The HPPP program is offered by REALTORS® to sellers at the time of listing as an added incentive to prospective first-time and repeat buyers. It is paid for by the seller and completely optional.

It provides up to six mortgage payments for 12 months from escrow closing for a maximum of \$1,000 or \$1,500, depending on the coverage level the seller chooses. A

seller can pay \$200 for six mortgage payments up to \$1,000 or \$275 for six mortgage payments up to \$1,500.

"By offering the Home Payment Protection Program as an added incentive to buyers, sellers have an additional way of differentiating their home from others and can sell their home more quickly, while prospective buyers who are feeling uncertain about their employment situation have an added layer of security," says C.A.R. President Beth L. Pearce.

The new program follows on the heels of the California Association of REALTORS® Housing Affordability Fund Mortgage Protection Program, which qualified more than 5,500 first-time buyers from April 2009 to June 2010. Funded



Photo: www.istockphoto.com

primarily by REALTORS® through donations, the program received \$1 million from C.A.R.'s Housing Affordability Fund, as well as an additional \$420,000 from the Ira Gribin Workforce Housing Grant from the National Association of REALTORS®. It provided up to \$1,500 per month, for up to six months, to eligible first-time home buyers who lost their job due to layoffs.

These West Coast Agents Have Seen a Massive Increase in Sales in the Current Market What are They Doing That You're Not?

Are You Getting Beat Up by Your Real Estate career? No Other Coach, Trainer or Consultant Will Tell You the Unvarnished Truth About What it Takes NOW to Work With Buyers and Sellers – Without Cutting Commissions or Facing Constant Rejection



"April 2008, I was \$100,000 in credit card debt. I had just lost our investment property to foreclosure, was meeting with a bankruptcy attorney and falling months behind on my auto, boat and mortgage loans. Financially, I had slammed into a brick wall.

"My life started to turn around after I borrowed money to attend Craig Proctor's SuperConference. Using the VIP Buyer Presentation and the Ultimate Listing Presentation, even with no experience selling houses, I quickly closed my very first real estate deal earning me a \$15,000 real estate commission. Within the next month, returning back from the SuperConference, I sold 2 more houses for \$18,000 in commissions.

"My life has made a complete turnaround. I just hired two full time outside sales agents and one assistant. My sleepless nights now relate to the excitement of growing my real estate business! We're currently doing 1-2 deals a month, and have plenty of leads for my 2 full time buyers agents so I expect our numbers to go up as we fine tune our business with Craig's system." - **David Delgado, Whittier, CA**



"By simply following the path of someone who has already achieved what I want, fully committing to learning with no

resistance, setting clear goals with the help of my coaches, and showing up each day with a "failure is not an option" attitude, I found the success I wanted. Year One: 31 transactions. This year, with the help of a Marketing Assistant, Inside Sales Agent and an Outside Agent: 50 transactions which will most likely be 65." - **Rebecca Austin, San Diego, CA**

NewsScan

Business Briefs & Bottom-line Boosters

ZipRealty Reorganizes

➤➤ Though ZipRealty Inc. made a name for itself by offering commission rebates and discounted listing fees, the real estate giant has decided to shift its focus to touting personalized service and the experience of its agents.

In addition, the company also is downsizing, closing brokerage offices in 11 markets, including five in Florida; Charlotte, N.C.; Hartford, Conn.; Minneapolis, Minn.; Virginia Beach, Va.; and Tucson, Ariz. The only California office closing is in Fresno.

With the restructuring, ZipRealty will go from operating in 35 markets in 22 states to operating 24 markets in 20 states, which is

expected to produce \$20 million in annual savings.

California Foreclosures Drop in 2010

➤➤ According to public records compiled by ForeclosureRadar, California, Arizona, and Nevada experienced drops in foreclosure starts and sales in 2010. This is the second year in a row that foreclosure sales have declined in California, though the 2010 results are being attributed in part to a dramatic reduction in foreclosure sales as a result of the robo-signing scandal. California experienced a 6 percent decline, with 189,810 foreclosure sales.

Time for Home Improvements

➤➤ According to the Joint Center for Housing Studies at Harvard University, the U.S. home improve-

ment industry is poised for growth. Remodeling expenditures are expected to increase at an inflation-adjusted 3.5 percent average annual rate in the coming years.

In the next five years, the focus of remodeling spending will shift from upper-end discretionary projects to replacements and system upgrades. "Lower household mobility following the housing market crash means that in the coming years homeowners will increasingly focus on improvements with longer paybacks, particularly energy-efficient retrofits," says Kermit Baker, director of the Remodeling Futures Program at the Joint Center. Metropolitan areas like Los Angeles and San Francisco, which boast rising house prices, older housing stocks, and higher incomes and home values, are well positioned to experience the upturn in remodeling activity.

"Anti-Flipping" Rule Extended

➤➤ The Federal Housing Administration (FHA) has extended its 90-day "no flip" rule on recently rehabbed properties for another year. The ruling, which allows investors who acquire foreclosed properties to be exempt from waiting the customary 90 days before reselling them, was set to expire at the end of January 2011. Vicki Bott, deputy assistant secretary for single-family housing at the FHA, said that first-time buyers have responded overwhelmingly to the opportunity to buy "turnkey" renovated homes with low down payments.



"A spur of the moment decision to attend Craig's SuperConference 18 months ago changed our lives. Prior to implementing Craig's system, our production had topped out at 31 annual transactions. We're on target to exceed 250 closed this year." - **Marc & Susan Gastineau - Phoenix, AZ**



"We started at absolute zero -- just an idea of "Let's get into real estate." Four days before Craig's conference we ran across one of his ads and thought, "We're

unemployed. We don't have anything to do. We don't know where we're going." - so we came to the conference.

"After attending the conference, we had our very first closing within 2 months. This was quickly followed by 7 more, with another 70 in the 6 months that followed. To go from zero to where are today in just eight months is a big deal. If you had told us 8 months ago that we would achieve even half of that, there's no way we would have believed it.

"But it's actually so simple - Craig put out the breadcrumbs and we followed. We don't have to reinvent anything. All we're doing is following the best, and Craig's the best." - **Shawn & Teresa Moore, Salt Lake City, UT**

Free Webinar: "How to Generate Leads Like a Mega-Agent Producer" Reveals Secrets of Their Success

Craig Proctor's mad as hell at all the johnny-come-lately salespeople declaring themselves coaches, many teaching the stuff they learned from Craig in the first place (why not get it from the horse's mouth).

Craig is on a crusade to save agents and create new 7-figure earners.

You are invited to **View a Free Webinar** that will teach you the unvarnished truth about how to succeed in the current challenging market.
Re-read the comments on this page, and ask yourself "Why them and not me?"

View Webinar Now at www.ProctorWebinar.com

Known within the industry as the King of Lead Generation, Craig Proctor (twice #1 for RE/MAX Worldwide) has not only sold over \$1 Billion of real estate himself in his 20+ year career, but he's also coached more agents to millionaire status than any other trainer.

New Year, New Laws

Q: I refinanced my home loan secured by a first deed of trust, and it has been in the short sale process since December 2010. Can the lender go after the balance due on the note not covered by the short sale proceeds?

A: SB 931 became the law on Jan. 1, 2011. This law prohibits a lender holding a first deed of trust for a dwelling of one-to-four units to demand the unpaid balance due on the loan from the borrower after the lender has approved the short sale in writing. This law covers purchase money or a refinance so long as the property is secured by a first deed of trust and not a junior lien. The statute is silent as to what triggers this law (e.g., signing of the purchase contract, the lender's approval, or the close of escrow).

However, the language of the statute ties the prohibition with the lender's written consent. Despite the purchase contract being signed in 2010, it seems reasonable that if the lender gives the written approval in 2011, the lender is bound by the prohibition and cannot go after the balance due on the note.

While we discussed some new California and federal laws in the January/February 2011 issue, here are several additional new laws of interest to REALTORS®.

Tenant Protection for Domestic Violence

Victim: SB 782 (effective Jan. 1, 2011). A residential landlord cannot terminate or fail to renew a tenancy if the tenant or a household member of the tenant has experienced domestic violence, sexual assault, or stalking as specified in the statute. This law generally applies only if the person restrained from contact with the tenant or household member by court order or named in a police report is not also a tenant of the same dwelling unit. However, landlords may evict domestic violence and stalking victims if there are complaints of noise, fighting, or repeated visits from the police to a victim's residence, even though they are the result of crimes committed against the victim. In addition, the landlord may evict a tenant if the tenant allows the restrained person to visit the property or the landlord reasonably believes that the presence of the restrained person poses a physical threat to other tenants, guests, or other invitees, or violates a tenant's right to quiet possession. Under these circumstances, the landlord may serve a three-day notice to correct or quit. To further ensure safe housing for victims, this law also requires that, for leases entered into after Jan. 1, 2011, a landlord must change the exterior locks of a protected tenant's dwelling unit within 24 hours after the tenant provides a written request and supporting court or police documentation.

Unlawful Detainer of Commercial Tenant:

AB 1263 (effective Jan. 1, 2011). Section 1162

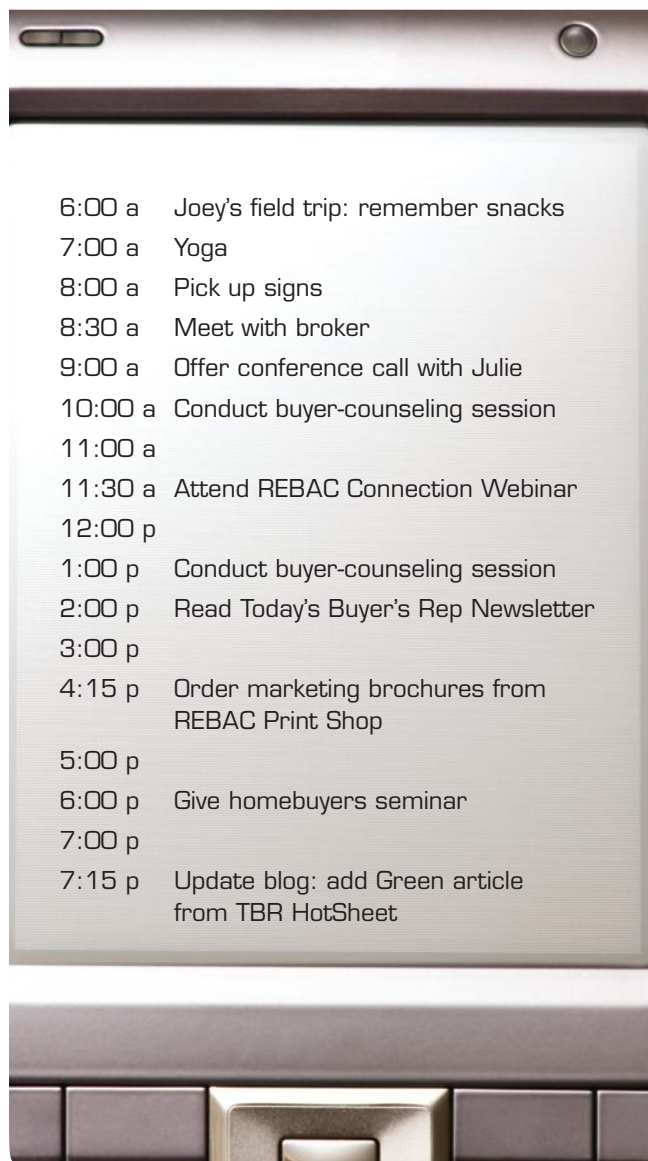
of the California Code of Civil Procedure previously specified the various methods of serving an unlawful detainer notice on any tenant. This law adds a subsection specifically for service of process on commercial tenants. The methods are as follows: (1) delivering a copy to the tenant personally, (2) if the tenant is absent from the commercial property, leaving a copy with some person of suitable age and discretion at the property and sending a copy to the property through the mail, or (3) if neither the tenant nor a person of suitable age or discretion is found, affixing the copy in a conspicuous place on the property and sending a copy through the mail.

Notice to Quit Cover Page: SB 1149 (effective Jan. 1, 2011 until Jan. 1, 2013). Any Notice to Quit served to a tenant of residential property within one year after a foreclosure sale must include a separate cover page containing specific statutory language found in the newly added California Code of Civil Procedure Section 1161c. This law adds the restriction that, except for limited persons, the court clerk may not permit access to records of an unlawful detainer action if the tenant prevails within 60 days of the filing.

Unlawful Renting of Dwelling Unit: AB 1800 (effective Jan. 1, 2011). Under California Penal Code Section 602.9, it's a misdemeanor for a person to claim ownership or take possession of someone else's residential property for the purpose of renting or leasing it to another without the consent of the owner. This new law increases the penalties for this offense to a maximum of \$2,500 or imprisonment in a county jail not exceeding one year, or both fine and imprisonment. ♦

Sonia M. Younglove, Esq., is C.A.R. senior counsel.

With my schedule,
I need a membership that helps me **grow my business.**



That's why I'm an ABR®.

As an ABR®, I get full access to REBAC.net's user-friendly member section with news, trends, tips, and tools to help me stay competitive in the market. The marketing materials are easy to customize and effective in getting my name out there and promoting my business. And get this, I was able to take courses for my designation both in person and online. With my ABR® designation my needs are met...*on my time.*

Grow your business on your schedule at REBAC.net

Call 800-648-6224 or visit www.REBAC.net for more information and course schedules.

The Accredited Buyer's Representative designation is awarded by the Real Estate Buyer's Agent Council (REBAC), a wholly-owned subsidiary of THE NATIONAL ASSOCIATION OF REALTORS®.

*Proud partner in NAR's
REALTOR Benefits Program.*

 **NATIONAL
ASSOCIATION of
REALTORS®**
Official Designation



Geotagging Puts You on the Map

Geotagging is the process of adding geographical identification to photographs, videos, websites, and SMS messages. In a business that's all about exposure and location, location, location, this technological feature has its advantages for REALTORS®. It's like adding a 10-digit grid coordinate to everything you post. • If you've ever taken pictures of multiple homes, and then gone back and tried to figure out exactly where that great bathroom shot was taken or which home had the Asian-style landscaped backyard, geotagging can automatically tell you where each picture was shot. • But this digital innovation has many other useful facets.

For real estate professionals, geotagged photos can be used to create detailed maps that will help clients visualize the location of their prospective home. For example, say your clients have

dimensional portrait of the prospective new neighborhood.

Putting Geotagging to Use

» What most people don't realize is geotags are automatically embedded in pictures taken with GPS-equipped smart phones and many digital cameras, unless you turn the GPS function off. Upload a picture of a home taken from your iPhone to the Internet and that photo is already geotagged.

While there are many applications that can help you make use of geotags, Picasa (www.picasa.com), Google's free picture application,

may offer one of the simplest to use. Upload your digital shots using the software, and the geotagged locations will display on a Google Earth map. Picasa also lets you create thumbnail images as icons, and a mouse-over of the side-bar images gives the site visitor a title description of the place or featured item.

Similarly, Flickr (www.flickr.com) lets you drag-and-drop photos to an online map that notes geographical

information such as longitude and latitude. However, geotagged photos need to be converted from EXIF GPS metadata to IPTC, which requires an extra step.

GeoSetter (www.geosetter.de/en), which was created from Windows, is another free geotagging software. It can be used to map photos, but also to change geodata and other metadata of image files. It requires you to be a little more tech-savvy than Picasa and Flickr, but it creates very nice graphic maps.

For agents who would like someone else to do the mapping for them, real estate-specific sites like Mapyu (www.mapyu.com) will post your listings and an agent profile to their geotagged location maps for a small fee. A geotagged real estate portal featuring listings from around the world, Mapyu uses a multiple domain listing service to lure visitors from more than 200 domains.

Geo-Location: Check In and Check It Out

» Geotagging is also a big component of geo-location sites like foursquare (www.foursquare.com), Gowalla (www.gowalla.com), and even Facebook's Places (www.facebook.com/places). Users check in at different locations they visit to earn points, and those check-ins are then posted on social networking sites like Twitter or Facebook. The idea is to get users out to explore their neighborhood in new ways. Users, in turn, showcase how much they are out-and-about in their neighborhood on their social media feeds.

The real estate-oriented possibilities of these sites are just starting to blossom, but there is definite potential. For



GeoSetter

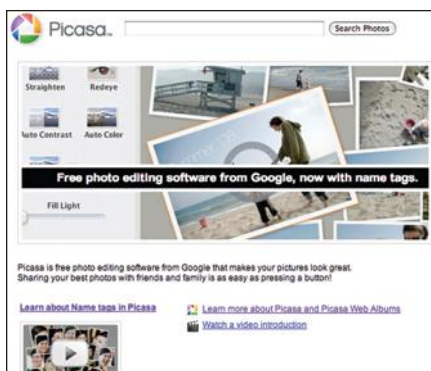
found a neighborhood they love but still need to find the right house. With geotagging, you can digitally lay out all the listings in the neighborhood on a map to show your clients what's available in the area. Or your clients love a house, but don't know much about the neighborhood. Post geotagged photos of the nearest schools, restaurants, and local businesses in relation to their potential new home, and you can paint a multi-



Gowalla

example, listing agents might add their listings to foursquare as a tracking and feedback mechanism. In a perfect world, showing agents would “check in,” and provide feedback in the comments section of their check-in post. Listing agents and their clients could then log on to foursquare to see who is showing the property and how many times they have visited the house. Foursquare also offers a developer API, for larger brokerages that may want to create their own customized version of the platform.

Another option for real estate usage on



Picasa

these geo-location sites could be to track attendance at office tours and caravans.

Post With Caution

➤ While geotagging can be a valuable resource, it has potential dangers. For example, posting geotagged pictures of a listing automatically reveals its location, and interior shots may give potential thieves an idea of the valuables inside the residence. Individual privacy also can become a thing of the past. Check in at your favorite coffee place each morning on foursquare, and your Facebook and Twitter friends



Mapyu

will know where to find you around 8 a.m. every morning. One agent even admits he checks in on Gowalla when he leaves, rather than when he arrives, so people know where he's been, not where he is.

You can turn off the geotag function on your smart phone and camera. Look for the option to shut off the EXIF GPS metadata, or refer to your instruction manual for your electronic device. But, just being aware of the information you are putting out there is often enough to prevent oversharing. Be careful, and geo-tags can be a helpful resource. ♦



CLOSE HAS ITS CONSEQUENCES.

Even when something is slightly off it can have a big impact, especially with property data. Make sure you get the exact data you need with ParcelQuest. It's the only data company dedicated solely to California property. ParcelQuest, precise data for precise people.



PARCELQUEST

www.ParcelQuestOnline.com

Money-Saving Member Benefits

With the holidays a distant memory and the April 15 tax deadline fast approaching, most of us are watching our wallets. For C.A.R. members, this may be the perfect time to reflect on the many free member benefits covered by their annual C.A.R. dues. With nearly 150 member benefits, C.A.R. membership has its privileges. Here's a look at several of the top money-saving services offered free to C.A.R. members.



zipForms® 6—This free electronic version of C.A.R. Standard Forms helps members organize transactions, send contracts to clients via e-mail, and store client information. The must-have transactional program costs non-members \$599, but is free to C.A.R. members. For more information, visit www.car.org/tools/zipForm6.

C.A.R. Legal Hotline—When a real estate transaction hits a snag and you need professional advice on the best way to proceed, there's no need to retain an attorney. C.A.R. members can phone the C.A.R. Legal Hotline to speak one-on-one with a C.A.R. attorney. The free service averages a savings of \$250 a call. Call the Legal Hotline Mon.-Fri., 9 a.m.-6 p.m., or Sat., 10 a.m.-2 p.m., for transactional questions only. You also can e-mail questions to legalthotline@car.org.



California REALTOR® EXPO—The state's largest real estate trade show, California REALTOR® EXPO is held each

fall (this year's event is scheduled for Sept. 20-22) and features three days of hands-on training, continuing education seminars, and networking opportunities. Offered free to C.A.R. members, the event is priced at \$250 for non-members. For more information, visit expo.car.org.



ClientDIRECT®—After a one-time setup, this customizable newsletter, featuring contact information, listings, photos, and professionally written articles, is delivered to a member's entire client database on a monthly basis. Providing members with an opportunity to easily keep in touch with clients and demonstrate their market expertise, this marketing tool is free to members, but valued at \$150 each year.

C.A.R. Legislative Advocacy—C.A.R. lobbies at the state and federal government levels to preserve members' abilities to do business and to protect private property rights. This in-the-background advocacy on behalf of members saves C.A.R. members more than \$12,000 in annual commission wages. For more information or to get involved and become a Legislative Liaison, visit www.car.org/governmentalaffairs.

Research Reports—C.A.R.'s Research and Economics Department publishes numerous reports throughout the year, analyzing the market and offering valuable data to keep members informed about current housing conditions. Valued at \$150, these reports are offered free to C.A.R. members. For more information, visit www.car.org/economics/currentresearch.

Forms Advisor™—This online software program identifies which C.A.R. Standard Forms should be used for specific transactions. Valued at \$60, the software is free to members, and members can sign up for a free webinar to learn how to best utilize the program. For more information, visit www.car.org/tools/zipForm6.



ePubs for zipForm® 6—These digital forms help members get disclosure information to clients faster. To learn how to use them best, members can visit www.car.org/tools/zipForm6/ePubZF6/faqs for an enhanced help section, including online tutorials, webinars, and frequently asked questions. The free paperless forms are offered to non-members for \$36.

These are just a few of the money-saving C.A.R. member benefits that, when combined, save each C.A.R. member more than \$13,000 a year. To view the Big List of C.A.R.'s nearly 150 member benefits, visit www.car.org/members/memberbenefits. ♦



Photos courtesy of Chad Johnson, Agent Evolution

agent reboot™

Plug In to the Future of Real Estate

Get Ready to Reboot!

Inman News™ Agent Reboot™ launched a 24-city North American tour after a very successful 2010 debut. We are excited to announce that we are hosting two Agent Reboot's in California this year!



Agent Reboot Orange County

March 30, 8 am – 3pm
Hyatt Irvine



Agent Reboot San Francisco

July 26, 8 am – 3pm
Hilton Union Square San Francisco

Agent Reboot provides local real estate professionals with smart advice and practical guidance from leading experts. Whether you're a technology newbie or a gadget guru, you'll leave Agent Reboot with a better understanding of the latest tech tools and marketing techniques to help you maximize your business potential.

Topics include:

Mobile
Tools

Facebook
Pages

Video

Marketing
Tips

iPad for
Business

Meet with local vendors in the Exhibit Area, network with other real estate professionals during the breaks, and receive a FREE copy of the Inman News 30-day Social Media Plan.

SAVE \$50! Register at www.agentreboot.com for only \$49
(use promo code **CAR**. Ticket prices will increase to \$99 the day of the event)

Find us at:  www.agentreboot.com  [@agentreboot](https://twitter.com/agentreboot)  facebook.com/agentreboot





Want to keep quality Internet leads from falling through the cracks?

At Weichert®, our Internet leads are screened immediately, so good customers can fall into your lap. To say that more house-hunters are relying on the Internet nowadays is an understatement. Our job is to satisfy their need for information and quickly turn them into qualified leads. That's why we've updated and streamlined our website, and it's why our unique contact center system can connect qualified leads directly to your cell phone in a heartbeat.

If you'd like to hear more about our award-winning online strategy that sends thousands of qualified leads each month directly to Sales Associates like you, please call our office for a confidential interview. You'll be surprised at all the great support we can offer you here at Weichert. **For more information call a local Weichert affiliate office.**

Concord
WEICHERT, REALTORS®
America First Team
925-672-9091

Folsom
WEICHERT, REALTORS®
Pacific Equity Properties
916-608-7990

Ladera Ranch
WEICHERT, REALTORS®
Gold Coast
949-713-4200

San Diego
WEICHERT, REALTORS®
Elite
619-298-3900

San Jose
WEICHERT, REALTORS®
1st Team
408-973-9921

Santa Clarita
WEICHERT, REALTORS®
Hoshaw & Associates
661-287-4466

Upland
WEICHERT, REALTORS®
Foothill Properties
909-985-4700

qptag.com/1898



qptag.com/apps
to download a reader

Home of Unlimited Opportunity.



Independently owned and operated.

www.weichert.com/careers

Crime & Real Estate

Experts from the real estate, banking, and law enforcement worlds tackle real estate fraud and how to spot it.

Loosely defined as deceit or trickery with the intent to profit or gain, fraud takes many forms, especially in today's distressed real estate market. Whether it's a short sale flipping scheme or a third-party loan mod scam, if it sounds too good to be true, it most likely is. For a REALTOR®, getting pulled into a fraudulent scheme can result in liability, license revocation, or even prison time. *California Real Estate* magazine recently invited three fraud prevention specialists from the real estate, banking, and law enforcement communities to examine this growing problem and discuss how to work together to educate brokers and agents, restructure fraud prevention processes, and keep real estate transactions safe.

SINGER: *Dominic, you're the first DA I've met who has a real estate broker's license. Could you describe the most commonplace types of fraud you've observed?*

KARDUM: There's really no such thing as a typical case, because some involve defrauding private investors; some involve defrauding banks. The problem we see the most is loan modification fraud, whether it's called forensic loan auditing, or they're asking people to join class-action lawsuits.

SINGER: *Patrick, can you talk about the major approaches you use to detect fraud at Bank of America?*

ALIANO: Our focus is short sale and loan modification fraud, versus the more historic loan origination fraud, which is your typical income, employment, assets, and occupancy misrepresentation. Yes, there's property flipping, but the property flipping is really the servicer's side on the short sale. This type of fraud has cropped up more in

the last few years. Processes had to be built up, grabbing any vendor tools or technology. It's still a work in progress to figure out how to best flag loans for associates to review and prevent fraud before we close a transaction, versus finding out about it after the fact.

The fraud-for-profit has been more focused on the short sale side of the fence; whereas the loan mod is where you've got people being taken advantage of by third parties.

On the short sale side, we look for listing agents with high numbers of transactions pending with the bank. Even if it's a short sale expert, you wouldn't exactly expect 100 listings all throughout Southern California for one agent. That raises a red flag.

Transactions with equity buyers—limited liability corporations, trusts, investment companies, and transactions with independent non-licensees (the third-party negotiators)—tend to be, more often than not, colluded transactions. People are working together

Panelists



DOMINIC KARDUM

► Deputy District Attorney, Ventura County District Attorney's Office Special Prosecution Unit



KATHY MEHRINGER

► CRB, SFR, Risk Management & Short Sale Advisor, Coldwell Banker Residential Brokerage



PATRICK C. ALIANO

► Vice President, Portfolio Analysis Manager, Mortgage Fraud Prevention, Bank of America

Moderator



JOEL SINGER

► Executive vice president of C.A.R.



WE OPEN DOORS SO YOU CAN CLOSE LOANS.

Just because a door has been closed doesn't mean it can't be opened again. That's why we're proud to offer our new low interest rate FHA and Conventional loan programs. These products can help you open more doors for first-time homebuyers with a mortgage they can afford. Our door is open for business.



Opening doors. Funding possibilities.

to present the bank one picture, but that picture is not a true set of facts. That's very different than in the REO space, where we control our own destiny. In a short sale, we don't, from a bank perspective.

Once you have the collusion, that's where we've got the fraud-for-profit—the property flopping where you'll see a deflated value on the servicing side, primarily through the use of broker price opinions (BPO) that Fannie and Freddie require us to do as the only valuation.

SINGER: *Kathy, what types of fraudulent activity are you seeing, and how are you working with agents and others to deal with it?*

MEHRINGER: Any time there's a transaction where a third party is being hired by anybody in the transaction, that's a red flag. I'm going to examine that file very, very carefully. As Patrick said, most lenders and servicers are doing that now. Real estate licensees are able and qualified to negotiate short sales if they've been trained, and if they have the tools. And C.A.R. has gone a long way toward developing those tools and providing information for its members.

For those who don't care to take on that responsibility, they can solicit the assistance of someone in their own office, another REALTOR®. That's the way to do it. Then you guard the transaction. Half of these third-party negotiators aren't licensed. They're not vetted for quality control. Often they're connected with investor buyers who are going to come in and purchase the property for a song and then flip it.

Sometimes they'll say, "Well, we need to only give the seller-side HUD to the lender. They don't need to know what the buyer is contributing toward the sale." And I would argue that they do have a right and a desire to see that. This manipulation of the HUDs and this kind of surreptitious activity around the title and escrow are a huge red flag.

Buyers are often asked to reduce their offer to a lower number, add a credit so that the short sale negotiator can be paid, or the seller can have a little money to walk away or some money can be designated to-

ward the subordinate lien holders, all without the senior lien holder being advised. Outside of escrow, that's another red flag. Nothing happens outside of escrow in the world of real estate, or it shouldn't.

SINGER: *Patrick, under what circumstances will you compensate short sale negotiators?*

ALIANO: Technically, we don't compensate the third-party negotiator directly, but we are aware that fees for their services may be included into the HUD-1 as some sort of vague line item description.

SINGER: *And it's not obvious to you that it's occurring?*

ALIANO: Common sense would dictate they want to get paid, but we don't pay them. The primary reason for this is they are not a contractual party to our transaction. We are working to put tighter controls, guidelines, and policies around this issue. For example, we may say we'll allow it provided you're a California licensee, so that you have some fiduciary duty. You have something that's at stake—your license.

The whole cottage industry of the third-party negotiator just cropped up, and it exploited a loophole that any homeowner can sign a napkin to say, "You can speak on my behalf; you can transact." And we accept that in the servicing world.

We're working on standardized third-party authorization forms that would put people on notice that there is some responsibility. This would help in cases of prosecution, for example, to have a document that says the third-party negotiator has taken on the responsibility of representing the homeowner.

SINGER: *Concentrating on short sales, what procedures do you have in place that set off red flags for you in-house?*

ALIANO: We have "surveillance reporting." Bank of America uses the Equator system. It's great for visibility into the transaction from the REALTOR®, homeowner perspective. And we can pull reporting out of that system. Prior to Equator, we didn't have that full capability. We flag when we have multiple things that are abnormal.
Continued on page 29



CalHFA New Loan Products

30-YEAR FIXED MORTGAGES
FHA & CONVENTIONAL

Plus:

LOW INTEREST RATES

DOWN PAYMENT
ASSISTANCE

CalHFA's low interest rate mortgages and one-of-a-kind down payment assistance programs are tailor made for today's first-time homebuyer. Contact us today.

www.calhfa.ca.gov
877.9.CALHFA



Opening doors. Funding possibilities.



Buyers and sellers share real-life horror stories of real estate transactions gone awry

By Dinah Eng

YOU'VE BEEN

An uncertain housing market has opened the door to increased opportunities for scam artists and those trying to take advantage of unwary buyers, sellers, and REALTORS® in a climate where many are anxious to close on transactions.

Whether it's dealing with rental fraud, questionable loan modification practices, or shady buyers, law enforcement agencies and veteran REALTORS® are seeing a rise in fraud horror stories and are warning all to be skeptical of deals that may be too good to be true.

Common sense is any REALTOR®'s first line of defense, as Phil Waddington, a broker-associate with Intero Real Estate Services in San Mateo, discovered when a scam artist calling himself Lawrence Moschino walked into an open house Waddington was holding one Sunday in San Jose.

"He walked over, so I thought he was a neighbor, and that night, he called me to say he wanted to make an offer," Waddington says. "He said he'd just closed escrow on another house

and had all cash to buy the property. He wanted to come back on Monday night to look at it again."

When Waddington met the potential buyer the following night, a second person came along, with whom Waddington was asked not to speak. When the two said they would pay \$760,000 in cash for the house, Waddington decided to Google Moschino. A similar name, Lawrence Maschino, popped up, and he was identified as a con artist. Property that the man said he owned in San Francisco turned out to be nonexistent.

"So I called the police, and they had me write a phony offer for him to get him to meet me," Waddington says. "I e-mailed him the contract, and said he could meet me at our office. The police picked him up on the way over, and the contract was in his backpack."

Maschino, who had a history of scamming people out of money, was sentenced to four years in prison for writing bad checks and stealing personal information from victims too numerous for the prosecutor to recount. The person who accompanied Maschino to the house, Waddington says, was likely an unwitting potential investor.

Waddington advises all agents to make sure they know who they're dealing with before entering into any transaction.

"Before I meet with sellers, I do a search to see who they

Look for the Red Flags

We know from talking to the California Department of Real Estate and FBI that there are a lot of scams and fraudulent activity in the marketplace now, many involving short sale transactions," says James Liptak, chairman of C.A.R.'s REO and Short Sale

Work Group and immediate past president of C.A.R.

Liptak notes that since short sales have exploded in the marketplace, the way each lender handles the proceedings is different, creating confusion and an opportunity for unethical people to make money off the transaction.

"I've seen fees paid outside

of escrow, which is outside the law," says Liptak, a broker with James and Sydney Liptak, Inc., in Paso Robles. "An agent may be talking to someone on the phone they think is with the bank, and it's a processor who's not with the bank."

Liptak urges colleagues to watch out for red flags in short sale transactions, and offers these tips:

► Ask all third-party negotiators

who is paying them. Be sure that the bank knows money is going to a negotiator. "Some short sale negotiators are real estate licensees, and others have just set up shop," Liptak says. "If a REALTOR®'s asking questions and getting no answers, there could be something wrong."

► If there's an LLC involved in a transaction, be wary. "If the buyer is an entity, rather than an individual, that could be a

N SCAMMED!

are, and how much they owe on the house,” Waddington says. “Sellers and buyers are not always truthful. For example, if the seller says they own it free and clear, and the buyer removes all contingencies and there’s not enough money to pay the loan off, the buyer then may sue the seller and the seller’s agent. It’s not just beware the buyer.”

That same sense of caution should be applied to placing prospective renters in a home, says Frances Hicks, an agent with Keller Williams Realty in Mission Viejo, SFR, ePro, who had a brush with a scam artist through an ad she placed on Craigslist.

“I had a rental in Ladera Ranch, and got an e-mail from someone pretending they were in England, coming to the United States,” Hicks says. “They said the furniture company needed to have the measurements of the rooms so they could order furniture before they came. Then they wanted contact information for the owners. When I asked them to fill out a rental application, they wouldn’t do it.”

Hicks, who handles many lease agreements, says she advertises through Craigslist, the MLS, and other real estate search engines, but the scammers all seem to respond through the Craigslist ads. Whether the potential renter was looking to steal personal information, or had a more extensive scam in mind, the transaction never proceeded to that point.

“Craigslist is easily accessible by everybody,” Hicks says. “You can’t put things on the other sites unless you’re an agent,

so these scammers are looking for vulnerable homeowners who don’t know any better.”

Another scam that is hard to detect, or prevent, involves the fraudulent use of a legitimate REALTOR®’s business card. John Poer, an agent with Dilbeck REALTORS® in Pasadena, SRES, says someone apparently entered a home in Glendale, using his business card, to tell the listing agent that he had a client interested in seeing the house.

“My license number is on my business card, and the agent found that I was a legitimate agent in Pasadena, so she gave the man the combination to the lockbox,” Poer says. “She left me a voicemail message and said she wanted to hear about the showing. When I called back, I said I never gave her the card.”

Unfortunately, the Glendale house was robbed, and Poer had to explain to police that he had nothing to do with what happened.

“Somebody knew the ropes and knew what to say to the listing agent,” Poer says. “It’s easy to get a business card, especially in a caravan situation. If it’s a popular place, there could be 100 cards left on the table.

“Should we have our DRE number on our cards? If the listing agent asks for it, and it’s not on the card, that could be a deterrent. But clients also are reassured when they see the number there. Clearly, this scam is something that’s easily done. Personally, if my home were on the market today, I wouldn’t have a lockbox of any kind. I’d just want to show it.” ♦

Dinah Eng is a Los Angeles-based freelance real estate writer.

red flag,” Liptak says. “There’s nothing wrong with a buyer buying property in foreclosure and putting it back on the market. But we’re seeing flipping done where a house is approved for a short sale, and money is paid over the short sale price without the lender’s knowledge or approval.”

► If you’re asked to provide documents that are unsigned, think twice. “We’ve seen third-

party negotiators create more than one HUD-1 settlement statement,” he adds. “The one the lender doesn’t see has different fees on it, and that’s fraud. If somebody tells you it’s okay to do this, you should question it.”

He urges listing agents to get an attorney involved in all short sales, so that clients are made aware of liabilities by a legal representative.

“Major lenders will be auditing things, and if things are suspect, they can reopen the file,” Liptak says. “The agent population needs to be very cautious. There are a lot of short sale transactions that close, but the percentage of success right now is 50-50. All the buyer wants to do is purchase the home of his dreams. But when you throw in greed and fraud, it makes everything more difficult.”

C.A.R. offers members a legal hotline for questions about real estate issues, and information can also be found on Scam Watch, a legal summary of the latest short sale and foreclosure scams through Get SMART (Strategic Market Assistance & Response Tools) at www.car.org/tools/smart/?redir=newql.

Learn the warning signs to avoid getting scammed

By Stella H. Ling, Esq.

If It Sounds Too

Like musicians in a percussion band, REALTORS® in today's tough housing market are constantly drumming up new opportunities, while beating back scam artists. As important as it is to keep tapping into new lead generators and widening your circle of influence, you don't want to draw attention from people of the unsavory sort. • Scammers can target you or your clients. In the current down market, REALTORS® report scams at every turn—from loan modifications, short sales, and REO transactions to landlord-tenant situations, lead generators, and offers of referral fees. Knowing what to watch out for will help you stay away from trouble.

► **They're in Step with the Beat:** People often get duped because they mistakenly believe they can spot a scam. Most scammers do not appear or act dastardly. On the contrary, the typical scammers are attractive and clean-cut, and they seem knowledgeable, capable, and trustworthy. One distressed homeowner recalled how she got hooked by a foreclosure rescue scam. When she first met the "housing counselor" on her front doorstep, she thought he looked like an angel who had come to save her from foreclosure. He eventually robbed her of her precious savings at a time when she needed that money the most.



Scammers may say they are non-profit housing counselors, attorneys, accountants, investor-buyers, landlords, tenants, and so on. They may engage in "affinity marketing," meaning they are, or pretend to be, members of the same racial, religious, social, or other group as the people they target. For example, a scammer may claim to have served in the military, and use military lingo and mannerisms in an attempt to gain the trust of someone in the military. Or he or she may join a church to gain the trust of church members before attempting to defraud them.

► **What They Say Is Music to Your Ears:** If a homeowner agrees to list with you only if you will guarantee to get a short sale completed before an upcoming foreclosure sale, you wouldn't take the listing. Unlike you, however, con

artists don't work within legal or ethical boundaries. Their goal is to dupe victims out of their money or property, and they will say exactly what their victims want to hear and make unqualified promises to do exactly what their victims want them to do. Scam artists will tell a distressed homeowner who has no means and nowhere to turn that they can save the family home from foreclosure. They'll tell a real estate agent hoping for new opportunities that they will provide great leads or pay top-dollar compensation. In fraud prevention, however, the old adage still rings true: "If it sounds too good to be true, it probably is."

Yet, as scam artists are well aware, real estate agents and homeowners facing serious financial challenges may succumb to the scam artist's lure of money or a quick fix. It's precisely when your chips are down that you must keep a level head. As the victim of a foreclosure rescue scam said, "When you're down and out, you'll believe anything." Regardless of how dire your situation may seem, do not panic. Do not act rashly. Get as much unbiased information as you possibly can before making a decision.

► **They Beat Around the Licensing Bush:** Checking to see if someone is properly licensed or otherwise credentialed is one of the simplest ways to detect a scam. Let's say someone approaches you or your client with an intriguing proposition, but you're not sure whether it's legal. If the person isn't properly licensed, you don't even have to delve into the legality of the proposition. California regulates many foreclosure-related activities that place an individual or business entity in a position of trust with members of the public. Examples generally include representing home sellers or buyers (Department of Real Estate or DRE), negotiating short sales (DRE), providing foreclosure rescue services

Too Good to Be True...



(DRE or Department of Justice), conducting forensic loan audits (DRE or Department of Justice), or practicing law (State Bar of California).

Unfortunately, some licensing issues can be tricky. For example, a short sale negotiation outfit offered generous referral fees for business from real estate agents.

To assure the agents that their clients would be in good hands, the outfit touted it had a big team of negotiators to handle the workload. The company's real estate license checked out. However, the DRE licensing records showed the boast about a "big team of negotiators" was a lie, because the company had no salespersons working there. An unsuspecting agent or consumer may not have realized that something was seriously amiss.

Another example of a tricky licensing scam involves affiliations with attorneys. Someone who works for a purported loan modification or short sale company may claim that neither the individual nor the company needs to be a real estate licensee because they have an in-house attorney or an affiliation with an attorney or law firm. In truth, however, certain parameters must be met for an attorney or law firm to fall within the exemption from real estate license requirements. Among other things, an attorney cannot actively and principally engage in the business of negotiating mortgage loans without a DRE license, and generally cannot share legal fees with non-attorneys.

► **They Have Gigs in Dark Alleys:** One red flag of a scam in the works is a request for monies to be paid outside of escrow. A common scenario is a scam artist offers to stop a foreclosure or to negotiate a short sale in exchange for an upfront fee. Also known as phantom help, the scammer will, in reality, perform little or no service at all, and eventually abscond with the homeowner's money. California law prohibits anyone who negotiates, arranges, or offers to

perform a loan modification or other form of mortgage loan forbearance from claiming any upfront compensation.

Another common scenario of improper payments involves unscrupulous short sale negotiators who ask buyers or agents to secretly pay outside of escrow a short sale negotiator's fee or a seller's junior lien holder. Knowing that the seller's first trust deed lender may disapprove of these payments in a short sale situation, the short sale negotiator tries to arrange for the money to secretly exchange hands outside of escrow. Paying someone outside of escrow is not only risky, it can constitute mortgage fraud and RESPA violations, among other things.

At times, con artists wait until the 11th hour of a short sale or REO transaction before springing their news. They will assure the buyers and agents throughout the sales transaction

that everything is on the up and up. Yet, right before close of escrow, the scammers will threaten to cancel if a secret payment is not made outside of escrow. Having invested months and months working to close the short sale or REO transaction, buyers and agents may

find it difficult to turn down these last-minute demands.

The list of fraud red flags is long. You should proceed with caution when someone creates more than one purchase contract or HUD-1 Settlement Statement for the same transaction, fails to provide copies of signed documents, refuses to provide written confirmation of an oral promise, asks for something to be done immediately without delay, asks for a power of attorney, or has a perfect answer for every question posed.

Let's face the music. Con artists are devising new schemes every day in hopes of catching us off guard. And they don't beat a loud drum when they proposition the unwary. But if you know what to watch out for and keep a level head, you can shut the door on them when they come calling. ♦

Stella H. Ling, Esq., is C.A.R. managing senior counsel.



The right data can help home buyers and sellers understand the true value of a home

By Sara Sutachan & Robert Kleinhenz

Selling by Numbers



In this age of the Internet, it seems that any and every statistic imaginable is available in a click or two. In the real estate industry, you and your clients face a barrage of news stories and statistics about where the housing market is headed. But national headlines do not necessarily reflect what is actually happening in your clients' backyard. REALTORS® can reinforce their value proposition to their clients by demonstrating a knowledge of local market conditions, as well as an ability to place them into the context of the general market and economy. Here are two examples of using data to tell a meaningful story for your clients, one for sellers and the other for buyers.

The most fundamental piece of information clients want from their REALTOR® is the value of the home they are buying or selling. "A common theme is that all real estate is local," says Patrick Veling, a data analyst and president of Real Data Strategies. "That's true. And so the single most important piece of analysis behind a client's decision to buy or sell is an appraisal or a REALTOR®'s Comparative Market Analysis [CMA]. Anything else supports what we should already know from that analysis." Still, your clients likely will view information about a specific property in the context of what's going on at a more aggregate level, because they know that market forces affect conditions in their neighborhood as well as the value of their property. It is important to be able to explain to clients how aggregate statistics add to or take away from the value of the property based on the CMA.

The Price Is Right

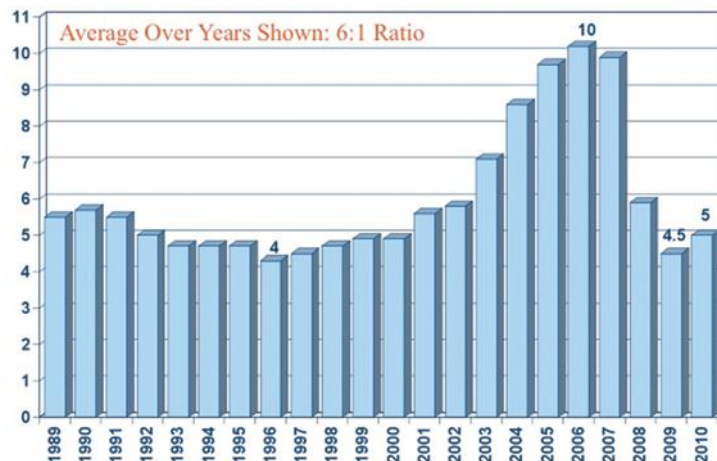
Suppose you share a CMA with your seller client that suggests a list price somewhat below the price he had hoped to list. The client has done his homework and tells you that the statewide unsold inventory index was recently reported to be six months, indicative of a balanced or lean market and stable or rising prices. That may be true, but you have already checked the supply of homes and price ranges in your client's neighborhood, and there is a 12-month supply of homes consistent with the list price you have recommended. By using data to support your CMA and educate your seller, the home will be priced to sell in a more timely fashion and

less likely to go through a string of price discounts. Not only will this speed up the sale of the home, but it likely will result in your client being more satisfied with the transaction. Inventory is an important aggregate indicator to determine how heated the market is or isn't. But also looking at the more granular level inventory picture can really help you make your case with your client, and, as Veling puts it, "communicate how overpricing will result in longer market time and likely price reductions."

When Is It Time to Buy?

Now let's consider a buyer client who is on the fence and not sure if it is a good time to buy. You can help the buyer make that decision by looking at the affordability picture. The California Association of REALTORS® produces the Housing Affordability Index (HAI), which shows how affordable an area of the state is while considering current market factors like the price of a home, a reasonable down payment (20 percent), a composite mortgage rate, and a debt-qualifying ratio of 30 percent. The index number indicates what proportion of the population is able to afford a home under these circumstances. Currently, the index reads an affordability level of 69, up from 64 last year. In other words, low mortgage rates coupled with low prices is pushing affordability levels up, creating more and more opportunities for new home buyers to achieve the dream of homeownership. Now, the HAI tells us at the aggregate level that affordability is high, because rates are low and

Median Price to Median HH Income Ratio California



SOURCE: California Association of REALTORS®

prices are low, so it might be a good time for potential buyer clients to get serious about taking the plunge. That information, coupled with the price range of homes they can actually afford given their individual situation, provides some compelling numbers your clients can really sink their teeth into.

You might be able to get a prospective buyer to sit down with you by sharing the C.A.R. HAI; but go a step further, and show him actual monthly payment numbers, and you may be able to convert him to a serious buyer. Along with income and the ability to come up with a down payment, an individual's ability to afford a home depends on the monthly payment, which in turn depends on the price of the home and mortgage rates. Over the past few years, home prices have re-aligned relative to income. The median price-to-income ratio declined from 10 to one in the peak years of the California housing market to now five to one. This means your clients will get more for their money.

Mortgage rates have fallen to near-historic lows, shaving tens if not hundreds of dollars off buyers' monthly mortgage payments. For each percentage point difference in the interest rate, there is an average savings of \$170 per month (given the current market factors). In fact, going from a 6 percent mortgage rate to a 4 percent mortgage rate (which is more likely in today's market) can lower a monthly payment by \$340 (see example in figure). That translates into a savings of more than \$4,000 per year. This also shows how important the overall current mortgage rate environment is

Median Monthly Mortgage Payment What Will Happen When Mortgage Rates Increase?



SOURCE: C.A.R. First Time Buyer Housing Affordability Index Methodology

to your client's individual situation.

These are just a few examples of how you can combine local market data and aggregate statistics to guide your clients. But it's not *just* the information itself that differentiates you as a REALTOR® and contributes to your value proposition. It's how you pull information together, interpret it, and provide expert insight that will make a difference and enable your clients to make an informed decision. ♦

Sara Sutachan is a senior research analyst at C.A.R., and Robert Kleinhenz is C.A.R.'s deputy chief economist.

The Ivy League's Housing Expert

STATS

Dr. Eric S. Belsky

Managing Director, Harvard University's Joint Center for Housing Studies

Latest Technology Embraced:
PDA

Favorite Website:
Economy.com

Current Read: *Lincoln on Leadership* by Donald T. Phillips

Passionate About: Housing

Favorite Quote: "If you come to a fork in the road, take it."
— Yogi Berra

You won't find Eric Belsky's *Understanding the Boom and Bust in Nonprime Mortgage Lending* on bookstore shelves or on *The New York Times* best-sellers list. But you will find a copy of this insightful 212-page analysis of the root causes of the nation's worst-ever real estate lending crisis in the hands of members of Congress and the Obama administration, regulators, bank executives, and real estate industry thought leaders trying to sort out what can be done to ensure the continued flow of mortgage capital and prevent the same calamity from ever happening again. • "It's not exactly Michael Lewis," chuckles former National Association of Home Builders (NAHB) executive Kent Colton, referring to the best-selling book *The Big*

Short: Inside the Doomsday Machine, a look at how bond and real estate derivative markets led to the 2008 crash. While Lewis' book weaves a tale filled with drama and intrigue, Belsky's study, co-authored with Nela Richardson, sticks with the facts. "What Eric has done is the academic work required to create a seminal piece in terms of creating an understanding of what was going on and what to do moving forward," explains Colton. "As someone who resides in that unique intersection between the public sector, the private sector, and academia, he is in the perfect position to play a critical role in housing and housing finance in the future."

The intersection where Dr. Eric S. Belsky "resides" is Harvard University's Joint Center for Housing Studies, co-sponsored by Harvard's respected John F. Kennedy School of Government and its Graduate School of Design, and long viewed as among the nation's premier housing think tanks. After serving as executive director of the Center for a dozen or so years, the 50-year-old native New Yorker was elevated to managing director in July 2010, assuming the leadership reins from Nicolas Retsinas, one-time Assistant Secretary of Housing and Urban Development (HUD) in charge of FHA and director of the Office of Thrift Supervision.

That he was appointed at a time of great disruption and change in the nation's housing and mortgage markets is an irony not lost on Belsky.

"There's an old Chinese proverb that says, 'May you live in interesting times'—although it may be more of a curse than a proverb," he laughs. "This is a great place and a wonderful opportunity for me, because there is so much going on right now."

Mapping Out a Career

➤➤ Belsky grew up in a traditional single-family detached home situated on a fifth of an acre lot in the New York City borough of Queens. As a middle-schooler, he convinced his parents to enroll him in a special program that allowed him to graduate from high school at 16. So at an age when many are just learning to drive and attending their first prom, Belsky headed off to Clark University in Worcester, Mass., a small college nationally known for its geography program. After completing a bachelor's degree in geography, he earned a master's in international development, and a doctorate in geography—all from Clark. (He also met his wife there; she teaches graphic design, and they have an 8-year-old son.)

After a teaching stint at the University of Massachusetts at Amherst, Belsky joined the



Looking for the
perfect closing gift?

It's here.



Sunset
\$14 per year!

Your client receives 12
issues, each with a cover
wrap promoting your name
and contact information,
and a thank you message.

You can't find a better gift
for this price!

- Powerful referral tool
- Complimentary gift cards to distribute to your recipients
- No max. or min. order
- Privacy. The names you provide to Sunset will not be sold or promoted in any way - guaranteed.

For more information, please visit:
www.sunset.com/profgift
or contact us at

1-800-888-5027

\$14 yearly subscription rate is per
person, valid for 12 issues.

economics department at NAHB, where he immediately went to work helping formulate a report on the future of homebuilding. "I was put in the enviable position of pulling it all together," says Belsky, who spent about five years at the association as senior economist. "I learned an enormous amount about housing and the housing industry and housing policy. Housing touches on so many areas of people's lives—it's where they go home to, and where a home is located influences where you travel and who you get to know. It's a very significant part of our lives and the economy."

Colton, who was chief executive officer at NAHB from 1984 through 1999, recognized Belsky's capabilities from the get-go.

"He really is very bright, and he grasps things very quickly," explains Colton. "Even at that stage, he had a wonderful understanding of the connection between the private sector and the public sector."

Prior to his Harvard appointments, Belsky led the Housing Finance and Credit Analysis Group at Price Waterhouse LLP and was director of Housing Finance Research at Fannie Mae during what he calls "the golden age" of mortgage finance. "This was the early '90s, when Congress started to establish goals around affordable housing," he recalls. It also was a time when new technologies that improved a lender's ability to build risk into mortgage pricing were introduced. His continued interest in affordable housing and mortgage financing is reflected in the titles of four books he has co-edited: *Low-Income Homeownership: Examining the Unexamined Goal* (2002); *Building Assets, Building Credit: Creating Wealth in Low-Income Communities* (2005); *Revisiting Rental Housing* (2008); and *Borrowing to Live: Consumer and Mortgage Credit Revisited* (2008).

His ever-expanding resume also includes appointments to a number of organizations and panels. In addition to serving on the editorial boards of two housing journals, he is a member of the Opportunity Finance Network board, Fannie Mae's Affordable Housing Advisory Council, and the National Advisory Council of CredAbility. From 2001 to 2002, he was

research director for the Millennial Housing Commission established by Congress.

"Work has become my passion," he admits, adding that he fills his spare time with family activities, swimming, and hiking.

Living in Interesting Times

» The "interesting times" Belsky lives in are about to become more so as Congress and the administration grapple with how to restructure Fannie Mae and Freddie Mac and concentrate on writing rules around the various consumer protections and other reforms enacted during 2010.

"It really worries me when you see so little movement in the market around such low interest rates and such a favorable climate," says Belsky, who believes jobs and consumer confidence will continue to be major factors in market performance. Any increase in interest rates, however, could provide the stimulus the market needs to begin to show "some spring in its step," as it did in early 2009 and much of 2010, when home buyers jumped into the market to take advantage of federal tax incentives.

"People now have a vastly improved capability to act on buying homes because they have become so affordable," he notes. "If rates look to be going up, then that may be how the market will come back. At some point, people will begin to see this [market] for the bargain it is."

Like every REALTOR®, he'll no doubt be immersed in the debate over the fate of the mortgage interest deduction. Belsky says even the mere suggestion that it might be trimmed or eliminated may have an impact on market psychology.

"If you curtail it in any way, that is going to affect housing prices," he says. "The broader policy question is, 'Should the tax code favor housing or homeownership? And if you are going to use the tax code in ways that do end up creating incentives in the economy, is this one justified?' Owning a home has risks, but it also has potential for reward. People need to decide, 'Is it appropriate for the government to have an incentive for people to take that risk?'" ♦

Roger Cruzen (rogercruzen@yahoo.com) is a freelance real estate writer.

Roundtable: Crime & Real Estate

Continued from page 19

mal. We flag the potential fraud for housing non-arm's length transactions where we're going to take a closer look; we put them through a deeper review. There are controls in place that are continuously being improved.

SINGER: *Kathy, can you talk about what you'd like to see the lending community do to help create a smoother, optimized transaction on the short sale side, both in terms of fraud, and in terms of getting legitimate transactions through the process quicker.*

MEHRINGER: In a perfect world, I would like the lenders and servicers to do a couple of things the minute a short sale package hits their desk. One of them is research the chain of title and find out what title transfers have been made in the last six months. Very often, these short sale negotiators, investor LLCs, have persuaded homeowners to deed the property

to them, or to deed it into a trust. That transaction is recorded. Or there's an option agreement that the flipper already has in place that's recorded. I am mystified that this isn't an automatic standard of care with every lender and servicer.

I would like to see that final HUD—both sides—reviewed and approved by the lender before the recordation of the deed, so you're not trying to undo the bad act later, so you actually can stop it. And frankly, I'm a believer in a very aggressive requirement for everyone touching the sale—from buyer, seller, real estate agent, and any outside licensed legitimate negotiator—to actually sign an affidavit that they're not committing fraud, that there's no other secret addenda, there's no manipulation of the HUD.

SINGER: *On the one hand, when we're going through the short sale process, it's the preventive aspects of avoiding abuse that supposedly gum it up. And then you're talking about much of that being standard loan processing. So there's a disconnect.*

MEHRINGER: But I think the two are linked. If you're implementing some of the fraud prevention mechanisms early, your process is freed up so it isn't bogged down with fraud investigation later.

One thing that I think there's a huge disconnect on is the pricing of short sales. I know some servicers and lenders will actually use licensed appraisers and others will only use an outside broker doing a BPO. I can raise a handful of situations where the broker who was sent to do the broker price opinion is no longer licensed with the State of California.

There's got to be some quality control because where I see the major fraud occurring, and also bogging down the system, is at the reconciliation of market value process.

Maybe on a short sale, it's the low side because the buyer's going to have to have some perk to wade around the process for eight months or six months, or maybe we're lucky and it's only four months. Hold the listing agents accountable to explain the value. We know the marketplace.

NAR'S SHORT SALES & FORECLOSURE RESOURCE CERTIFICATION

Seller Solutions · Buyer Opportunities · Real Estate Recovery

Short sales and foreclosures are quickly becoming the new "traditional" real estate transaction. Learning the skills necessary to help buyers and sellers navigate the distressed property market is critical for today's agents.

We understand the complexity of these transactions, which is why the National Association of REALTORS® (NAR) developed the Short Sales and Foreclosure Resource (SFR) certification program to help REALTORS® like you gain confidence towards becoming the short sales and foreclosure resource for your community.

Find out how to become SFR certified at realtorSFR.org.



Proud partner in NAR's
REALTOR Benefits Program.



NATIONAL
ASSOCIATION of
REALTORS®
Official Certification



You know how often I've heard that the lender comes back and demands a lower price for the property? To me, this is an oxymoron. We're trying to mitigate loss, and yet we have a buyer in the game for X, but the lender says, "Our BPO came in lower, so we want less money." That has to be detrimental to the process.

SINGER: *It's lender fraud against investors.*

MEHRINGER: I don't think anyone ever contemplated the depth of this problem in terms of the volume. And I don't think anyone is geared up for this volume.

ALIANO: Well, I think a lot of the process was built before certain controls. So let me speak to just a couple of points.

Valuation. I fully agree with you, because any kind of fraud, whether it's origination property flipping, or short sale property flopping, depends on a valuation that's either much higher on originations or much lower on short sales. In originations, we have appraisals. In the short sale space, it's, especially Fannie and Freddie, saying, "Well, you just order a broker price opinion from us. Whether it's one or two, we direct it." In Bank of America's case, I personally have argued that we need to have other sanity checks, other vendor tools, other valuations, to protect ourselves for when Fannie and Freddie come back later.

SINGER: *So what do you use there?*

ALIANO: We're contemplating different vendor products that also access MLS data.

SINGER: *So using an automated value model (AVM) of some sort?*

ALIANO: Beyond an AVM. We have an in-house AVM. The AVMs can be a little all over the map, but at least there's a range. That is one internal control we already have. And if it's way off the mark, that's the first flag.

SINGER: *What would the others be, then?*

ALIANO: As Kathy mentioned, using a vendor tool that would flag the title issues in the past six months, because we're currently not getting the prelim title report. And those vendor tools have the MLS data, so we'd be able to have a little bit more visibility, be over and above Fannie

and Freddie. How much more do we do beyond what Fannie and Freddie require? There's a balance of the transaction with the REALTOR® versus protecting our interest from the standpoint of what Fannie and Freddie might come back to.

If it's not Fannie and Freddie, we're getting appraisals. That's not the end-all, cure-all, but it's definitely better than the BPO. Because we've also had cases where there are agents who live off of broker price opinions, and they're appraising them or valuing way too high. It really impacts a legitimate transaction because they don't even know the market, and we're going off of this BPO. That's not fraud; that's just a poor quality valuation from a BPO.

SINGER: *Dominic, are you starting to see a lot of just outright quitclaim deeds that are fraudulent?*

KARDUM: Absolutely. Within the loan modification arena, there was a case that was recently investigated and prosecuted by the San Diego DA's office. The representation, in a nutshell, to the distressed homeowner is quitclaim your property. We're going to put your property into a trust. And this trust is going to negotiate on your behalf with the banks. The trust just basically will drag out and postpone the foreclosure and file bankruptcy and then give the homeowner what they think is some relief. A twist on that scheme is that the homeowner now is renting his own house, and the homeowner was paying, or is paying, rent back to this trust. There are hundreds of properties that have been deeded into trusts that law enforcement believes are potentially fraudulent.

MEHRINGER: I can't count how many third-party companies are actively and aggressively pursuing this exact model in the short sale arena. They go out and persuade the real estate licensee to come to the table with them and be their partner, introduce them to the distressed property owner, and get the property owner to deed the property into the trust. They have all kinds of fancy reasons why that's the best thing to do. And it starts that cycle.

ALIANO: There's no way the homeowner would be able to exercise that option realistically when you look at a contract

on some of the cases I've seen. And the amount they paid for that option isn't disclosed to the lender, which is hence part of the short sale fraud. Usually they've structured it as such that the homeowner is able to stay in the home, and rent back the property.

SINGER: *What schemes in particular should REALTORS® watch out for in the short sale area, which is where we're the most active?*

MEHRINGER: When a seller contacts a real estate agent and says, "All I need you to do is put the deal together for me because I already have a buyer," that's a red flag. Who's the buyer? Family member, friend, relative who's going to come back, buy the property really cheap, and then deed it back for a little bit of money for their trouble. Look out for this.

Any time you're moving money in a transaction, and any time you're deviating one iota from the lender term sheet, any deviation from the allowable fees on that term sheet, that's a red flag.

Look at the MLS. It'll say, "Sale subject to buyer purchasing \$100,000 worth of seller's patio furniture." That's probably a con. Because the lender doesn't want the buyer to pay \$100,000 less than what the property is really worth, and then give the seller \$100,000 cash for a bunch of Martha Stewart patio furniture. These con artists have all this great energy and creativity, it's a shame they don't use that for the benefit of mankind.

SINGER: *Let's get back to valuation. What do we do to get better valuation?*

ALIANO: Well, on short sale at least, it comes back to an appraisal versus reliance on a BPO. That's step one. Other lender controls would be reviews of the appraisals or other vendor tools that would help validate that value as something that's in an acceptable range.

SINGER: *What do you do to share market exposure?*

ALIANO: A short sale transaction, because it's such a reactive process, depends on an open market listing, competitive bids, and no weird stuff on the MLS like "ten-

ant not cooperating,” or “you can’t see the property.” In these short sale flopping and conspiracy scams, money is being made on the commission, but it’s also being made on the flipping or the difference of true market value, versus what you get somebody to sell it for.

A lot of lenders have built processes to react to the political climate—the homeowner desperation. When you do things very quickly, that doesn’t leave a lot of time to create technological controls that are integrated with your system. Smaller lenders can get a vendor in and be up and running in a month or two. But in larger shops, you need some integration with the system that you’re using to process it.

For example, Bank of America used Equator, which is a task and status type of vendor tool. There can be some flags, but it’s not something that we’ll be able to substantially modify or have a valuation that feeds it.

SINGER: *The two things that we would say to you to build in first would be the chain*

of title and the valuation. I think you’re going to eliminate a lot of the fraud.

MEHRINGER: I’ve talked to some lenders who are contemplating not allowing third parties to be involved in the transaction, limiting the negotiation to the listing agent or some designated listing agent who’s licensed under a brokerage firm.

SINGER: *Dominic, do you think it would be an appropriate policy requirement to restrict transactions to licensed individuals?*

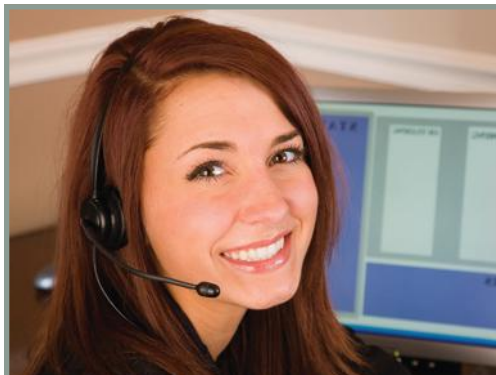
KARDUM: I think it would be. But just because someone carries a license doesn’t mean they’re not going to commit a crime. I think you need to expect more out of your REALTORS®. I don’t think it’s entirely appropriate to point the finger at the lender, because in some case these frauds are being committed by licensed agents. And even when we convict an agent, it takes months to pull their license. Even after I send the Department of Real Estate certified copies of their felony conviction, their license is still active, even though I’ve sent them their plea agreement and the

disposition of the case. That can be frustrating from a prosecutor’s perspective.

SINGER: *Absolutely. It’s something we want to be involved with, to expedite that process. What would you recommend that brokers, agents, and the association do to try to reduce the number of fraud cases occurring in the distressed sales area?*

KARDUM: I think definitely education. Get the word out to the licensees to look for these types of red flags in short sale transactions, because there are a large number of properties that are distressed, and agents are trying to earn commissions. And sometimes, in the need to make a living, some people might be inclined to turn a blind eye to something they know doesn’t sound right. Training and events like this are a good first step.

ALIANO: Fraud follows the path of least resistance and exploits weaknesses. Honest REALTORS® who don’t understand the complexities of a fraud can get pulled into something that they could eventually be prosecuted for. But there’s a balance of



Want to insure your life, health, home, car, business, or employees with a single call?

RealCare:
One Call Does It All
800.939.8088

A Complete Range of Insurance Coverage for REALTORS®

Business Insurance:

Errors & Omissions*
Workers’ Comp
General Liability
Employment Practice Liability
Directors & Officers Liability
Employee Benefits

Personal Insurance:

Health – Medical, Dental, Vision
Auto & Home
Personal Umbrella
Life & Disability



After 16 years as the California Association of REALTORS® endorsed health insurance agency, RealCare was chosen on December 1, 2010 as C.A.R.’s only endorsed property and casualty agency.

Now RealCare is the single point of contact for all of your insurance needs, including E&O*, Workers Comp, Liability and Health Insurance – with each type of insurance customized to meet your needs and budget.

RealCare places REALTORS® with California’s most affordable insurance plans. Contact RealCare today and discover how simple and affordable finding the right insurance policy can be at **800.939.8088** or **www.realcare.biz**.



In the real world, you need RealCare.™

*Real Care Insurance Marketing, Inc. 19310 Sonoma Highway – Suite A • Sonoma, CA 95476
Phone: 800.939.8088 • Fax: 707.935.7142 • www.realcare.biz

RealCare has partnered with Linsin, Sherman Associates to provide REALTORS® E&O insurance.

REFERRALS

NORTHERN CALIFORNIA

T E R R Y
WUNDERLICH
REALTOR, CRS, SRES, RSPS

Serving the Napa Valley

25% Referrals Paid



PACIFIC UNION INTERNATIONAL CHRISTIAN REAL ESTATE

(707) 486-6388
terry@napawunder.com

25% REFERRAL FEE



SERVING THE S.F. EAST BAY

Livermore
Pleasanton
Danville
Dublin
San Ramon Valley areas

Sandee Utterback, CRS & SRES®

1-888-SANDEEU
(1-888-726-3338)
sandee@sandeeu.com

Prudential California Realty

www.sandeeutterback.com

VON KAENEL REAL ESTATE
sales ■ investment ■ management

**35% Referral Fee for Seller
25% Referral Fee for Buyer**

Silicon Valley Specialist
Serving the entire San Francisco Bay Area including the counties of Santa Clara, Santa Cruz, San Mateo and San Francisco



Mark von Kaenel
President & Managing Broker

800.496.1666 | vkaa.com

SAN FRANCISCO
Let us help you find a place to call "Home."



- Serving San Francisco Buyers and Sellers
- Certified Residential Specialist
- Member, San Francisco Real Estate Services
- Specialties in Residential, 1031 Tax Deferred Exchanges, Rental & Commercial properties
- Expert re: rent control issues

JIM LAUFENBERG & LISA CAMOZZI

COLDWELL BANKER

415-621-4114
jim@sf-realty.com

Kevin & Naomi Kieffer

EastBayPro Team
REAL ESTATE



Serving cities of Danville, San Ramon, Pleasanton, Alamo, Walnut Creek, Orinda, Lafayette, Moraga, Pleasant Hill

KELLER WILLIAMS REALTY

Direct: 925-300-8000
Homes@EastBayPro.com

30% Referrals paid (buying or selling)

OUT OF STATE

Las Vegas

40% Referral Fee
CharlesH@RealtyOneLV.com

Realty One Group
Charles Hall
702.419.2728

SOUTHERN CALIFORNIA

LOS ANGELES

GENEROUS REFERRAL FEE

EILEEN WALSH
J.D. e-Pro Realtor®
310 738-3807



KELLER WILLIAMS REALTY

Eileen@EileenWalshRealtor.com

Orange County

e-Pro **40% Referral Fee** ABR

REALTOR® Manager

Enjoy peace of mind knowing that your residential 1-4 unit buyer referrals are in the hands of a tech savvy REALTOR® that is primarily dedicated to representing buyers

Chris Marple
Elite Investments

Referrals@BUYinOC.com
Toll free: 855-BUY-inOC

CAR MEMBER ADVANTAGE

Find Discounts and Special Offers for C.A.R. Members!

Visit: www.car.org/members

ADVERTISE HERE

REACH 175,000 REALTORS® WITH YOUR AD TODAY!

(213) 739-8288
AdvertisingAssistant@car.org

For More Information:
www.car.org/newsstand/crem/advertisewithus/

CLASSIFIEDS

BUSINESS/CAREER
OPPORTUNITIES

JCLREALTY.COM
100% Commission

The Future in Real Estate
is NOW!

You OWE it to yourself to
CHECK US OUT!

1-877-442-4577

WWW.JOINJCL.COM

NEWSLETTERS



"...The newsletter has more than paid for itself. It is the only thing I've used that works! It's awesome!"

"I get a great response from your newsletter. After sending it out half a dozen times, strangers would call me to let me know how well-written and informative it is."

-Chris Tarantino
Tarantino Real Estate, Inc.

SEE FOR YOURSELF!
www.rightsidemarketing.com
800-456-4395

SERVICES

Agent Business Builder™ Classified Simplified Pro™
real estate software



PowerMate
SOFTWARE

1-800-581-1943
www.powermatecorp.com

lenders' risk controls to prevent fraud versus stopping all the processes. You have to keep things moving.

KARDUM: The key is to work together to try and close these loopholes, to try and curtail some of the fraud. But to Patrick's point, business has to go on, because there are a large number of legitimate short sale transactions that need to go through.

SINGER: *We have allowed and supported legislation that allocates funds to district attorneys for exactly this prevention. The question is, is there enough law enforcement in this arena?*

KARDUM: In a word, no. There are more

cases, more victims than we can handle. The cases we investigate and prosecute tend to be the worst violators, where the greatest financial losses have occurred. We just can't pick up and investigate every single real estate fraud case that comes in through the door. But we are doing everything we can to delimit it.

MEHRINGER: I recently met with the Federal Bureau of Investigation and learned that, in their white collar crime unit, short sale fraud is one of their first priorities. Of course, the FBI looks for perhaps larger, more criminal enterprises, versus a onesie-twosie. But they are looking at this industry.

I really want C.A.R. members to understand that these transactions are under a microscope. The investigation is arduous, and it's tedious, and it takes time. But it's going to happen.

SINGER: *The historic frustration is we would find a crime, a white-collar, real-estate crime, and no one would be interested in prosecuting it. That's obviously changed in Ventura County. When a REALTOR® observes something that's prospectively criminal, what should they do?*

KARDUM: We have a link from the DA's official website to our specific real estate fraud prosecution unit, where agents can go online and get information within Ventura County. What I run into sometimes when I speak to agents is they don't want to be identified if they file a real estate fraud complaint. And we require every single person that files a fraud claim with our office to sign it because, as attorneys, we need evidence, and evidence requires witnesses. People need to be willing to come into court and testify.

SINGER: *Kathy, what do you think agents should do when they observe prospective fraud? It's very difficult because this is an industry of cooperation.*

MEHRINGER: I would contact the agent who I think is involved and let them know that I think what they're doing is probably not okay, and they should talk to their broker or their counsel and get some advice. Based on how that person reacts, you're going to know your next step. If the

answer is, "I'm in this to make a buck and basically mind your own business," then I'm probably going to take action.

I wouldn't be one to say, "Oh, I think this is fraud." I would say, "This is suspicious activity. It doesn't seem right to me."

For me to go to the FBI with something, it's going to have to be patently obvious to me, because we can't take the risk of ruining somebody's life with something that we suspect. I would caution the REALTOR® community to get some advice and some counsel from their broker to determine what the best course of action would be. Or call the C.A.R. hotline.

SINGER: *Dominic, do you see any legislative gaps that need to be filled that would ease the task of bringing criminals to justice in the loan fraud arena?*

KARDUM: One idea is giving county recorders the ability to reject documents that they think are fraudulent. My understanding is that if a document is valid on its face, the county recorder is required to file it. And in some cases, the people working the front desk at the county recorder's offices see documents they don't think are legitimate. Give county recorders some more autonomy to, in cases where they believe the document's fraudulent, reject it. Maybe not permanently reject it, but temporarily to make sure it's on the up-and-up before the document gets recorded.

SINGER: *Looking to the future, is fraud prevention going to get easier?*

KARDUM: I think some people have learned that it's easier to commit a crime with paper than it is with a gun. And in some cases, the penalties aren't as severe. With education and getting the word out, I think it can improve.

Agents have the responsibility of policing themselves. And they're operating under certain ethical and legal standards. I think as more cases are prosecuted and more people are sent to prison, it will help to eliminate some of this.

MEHRINGER: I don't think short sales or distressed property owners are going away anytime soon. I think we're in this for a few more years. And because of that, I don't see the fraud going away. ♦

USE THIS!

En Español

→ When the transaction includes Spanish-speaking buyers or sellers, agents can now change the user interface language on all zipForm® 6 software from English to Spanish simply by toggling between the two. The first real estate forms software to offer a Spanish language interface feature, zipForm® 6 incorporated the new feature to streamline the contract completion process and simplify navigation for many Spanish-speaking users.

Both zipForm® 6 Professional and zipForm® 6 Standard feature the Spanish language option, allowing users to have a higher sense of transparency with their Spanish-speaking clients.

For more information, visit ziplogix.com/company/press_releases/spanish_ui.asp ♦



Research shows that many homeowners don't know or understand their options when it comes to a possible foreclosure.

To help these at-risk homeowners make the right decisions for their situations, Fannie Mae has introduced WaysHome™, a new interactive video designed to educate and encourage homeowners to understand their choices before taking any actions. The innovative learning tool lays out several real-life situations, offers different paths that can be followed, and then shows the consequences of the decisions made. For more information, visit www.knowyouroptions.com/ways-home.

Just the Facts

➤ **RENT OR BUY?:** With rents on the rise and home prices continuing to fall, buying will be superior to renting in most parts of the country by mid 2011, according to Moody Analytics. In California, however, the price-versus-rent ratio remains high. As a general rule of thumb, potential buyers are encouraged to buy when the ratio is below 15 and rent when it's above 20. The East Bay and San Jose rank 35.06 and 32.27, and Orange County and San Diego follow closely with 27.14 and 21.75, respectively. However, Sacramento (15.85) and Los Angeles (14.99) weigh in on the lower side, making the regions more buyer friendly.

➤ **FORECLOSURES LOW FOR FREDDIE:** According to Freddie Mac Executive Vice President Anthony Renzi, who oversees Freddie's Single-Family Portfolio Management, Freddie Mac owns or guarantees about 12.4 million single-family mortgages. Less than 500,000 of these loans are seriously delinquent (10 percent of the market).

➤ **WATER WORKS:** As of Jan. 1, 2011, California and Pennsylvania are the first states requiring sprinkler systems in all new residential construction. The sprinklers, recommended for most rooms of the house, would be in addition to smoke detectors. Home builders are less than thrilled about the new law, saying they can't afford to add thousands of dollars to the cost of building a home in an already struggling market.

NUMBER CRUNCH

➤ The data below is updated each month and can be found at www.car.org/marketdata/marketglance/.

Market @ A Glance

California	Reporting Period	Current Period	Last Period	Year Ago	Change from Last Period	Change from Year Ago
Existing Home Sales (SAAR) *	December-10	520,680	491,590	558,840	5.9%	-6.8%
Median Home Price *	December-10	\$301,850	\$296,690	\$306,860	1.7%	-1.6%
Unsold Inventory Index (months) *	December-10	5.0	6.2	3.8	-19.4%	31.6%
Median Time on Market (days) *	December-10	57.5	54.5	35.1	5.5%	63.8%
First-Time Buyer Housing Affordability Index (HAI) *	2010 Q3	66%	65%	64%	1.0%	2.0%
30-year fixed-rate mortgage (FRM) **	December-10	4.71%	4.30%	4.93%	0.41%	-0.22%

Source: *CALIFORNIA ASSOCIATION OF REALTORS® and **Federal Home Loan Mortgage Corp.

OVERHEARD

"We have seen increasing evidence that a self-sustaining recovery in consumer and business spending may be taking hold."

—BEN S. BERNANKE
Federal Reserve Chairman



Dynamic Duo

AHS® Combo Coverage is an unbeatable combination.

Get super-powered protection at the best price with our FlexPlan® Combo Coverage.

First, it gives your clients the coverage they need for many of the most common home system and appliance breakdowns.

Second, the FlexPlan Combo includes protection for situations including:

- Undetectable Pre-existing Conditions
- Code Violations (\$250 per contract term)
- Permits (\$250 per occurrence)
- Removal of Defective Equipment
- Mismatched Systems
- Improper Installations, Repairs or Modifications...and more!

Call us today to find out more about how AHS FlexPlan Combo can protect your clients and make you look like a superhero!



1-800-735-4663



ahsrealestate.com

WHAT MAKES A CENTURY 21 AGENT?
HERE'S ONE WORD: GUSTO. A FEW MORE
WORDS: DEPENDABILITY, KNOW-HOW
AND DEFENDER OF YOUR DREAMS.
MAYBE THAT LAST ONE WAS OVER THE TOP.
BUT WE'RE OK WITH THAT.

CENTURY 21® AGENTS.
SMARTER. BOLDER. FASTER.



C21.COM



© 2011 CENTURY 21 REAL ESTATE LLC. ALL RIGHTS RESERVED. CENTURY 21® IS A REGISTERED TRADEMARK OWNED BY CENTURY 21 REAL ESTATE LLC. AN EQUAL OPPORTUNITY COMPANY. EQUAL HOUSING OPPORTUNITY. EACH OFFICE IS INDEPENDENTLY OWNED AND OPERATED.

