



Washington State
Commercial Association of
REALTORS®

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Upcoming Education/Events

WA Realtors
[EdCon2009](#)
October 12-13th

CCIM/IREM
[Success Series](#)
October 16-17

CBA
[Power of Strategy](#)
October 15

WSCAR
[EdDay Seattle](#)
October 22

WSCAR
[EdDay Spokane](#)
October 29

SIOR
[Fall World Conference](#)

WSCAR Wire

Quarterly Newsletter - Third Quarter 2009

A Message From Your WSCAR President



Mike Livingston
WSCAR President
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Washington's State budget shortfall is now estimated at \$1.2 billion

The legislature is under tremendous pressure to find sources of income to meet budgetary shortfalls. This trend is likely to continue for the next several years. With this in mind, WSCAR and its membership needs to be vigilant to blunt actions that may come out of Olympia that are detrimental to our industry.

These detrimental actions can be in the form of taxes, illogical building and construction code changes, and actions that have "unintended, negative consequences" on commercial development and leasing activity.

New taxes or tax increases are being considered and we need to be ready to protect ourselves and property owners from unwarranted tax increases. Some likely options are sales tax on real estate commissions and a raise in real estate excise taxes.

There are several building related issues being considered, such as changes to sprinkler code, energy code changes, and several energy efficiency oriented proposals. Some proposals make sense. Some may hurt or kill many construction projects.

Many in Olympia and in our industry expect the State's legislature to make another attempt to tax fees for professional services. **At an 8.5% tax rate that would mean a Realtor® earning \$150,000 would have to pay an additional \$12,750 in taxes.**

While we all need to take some share of the shortfall we need to be ready to respond to damaging proposed legislation. We need to make sure Realtors® are at the table when the options are being discussed.

TAKE ACTION: Fall is the time of year for RPAC (Realtor® Political Action Committee) contributions. RPAC funds are critical for advancing causes that support our industry.

Your WSCAR dues are split among WSCAR, Washington Realtors®, and the National Association of Realtors®. These organizations work within a variety of political arenas to make politicians understand our needs and to identify solutions to our industry's challenges.

Please feel free to contact me, or any WSCAR Board member, with questions or recommendations or to get involved firsthand to protect our industry and *your* business.

Know your WSCAR facts? Take the quiz below and find out.

*WSCAR is your organization, working on your behalf.
Please consider active involvement on a committee or on the Board of Directors.*

October 29-31

CBA
[Buying/Selling Bus-Ops](#)
November 5

CCIM
[Legal Update \(Not Core\)](#)
November 11

CBA
[Commercial Lease Forms](#)
November 12

REALTORS®
[National Conference/Expo](#)
November 13-16

CBA
[Advanced Lease Forms](#)
November 18

CBA
[Negotiating Coml Leases](#)
November 19

CCIM
[CI 101: Financial Analysis](#)
November 30-December 4

CBA
[Purchase & Sale Forms](#)
December 8

CBA
Commercial Insights
December 10
Save the Date

WSCAR/CBA
[Commercial Core](#)
December 16

2009 WSCAR Board Members

Mike Livingston, President
Kiemle & Hagood

David Magee, Sec/Treasurer
Cushman & Wakefield

Michael Roy, Past President
Neil Walter Co.

Bob Mitchell
Governmental Affairs
WA Realtors®

Bill Almon
Almon Commercial RE

Don Arsenault
Arsenault Realty Advisors

Don Bartlett
Momentum Partners

Marianne Christian-Griffith
MCG Real Estate Consulting

Are You and Your Clients Ready to Comply to Mandatory 30% Energy Reduction? - Don't Be Blindsided



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The State Building Code Council (SBCC) hearings on amendments affecting building construction will be completed by early October. Of interest to the commercial real estate industry are amendments to the Washington Energy Code to address energy efficiency in buildings. The changes are proposed in response to direction provided in 2009 in Senate Bill 5854 and a letter from the Governor to the Council.

The Senate bill signed by the Governor requires residential and nonresidential construction permitted under the 2031 state energy code to achieve a seventy percent reduction in annual net energy consumption, using the adopted 2006 Washington state energy code as a baseline. The Building Code Council is required to adopt state energy codes from 2013 through 2031 that incrementally move toward achieving the seventy percent reduction in annual net energy consumption in 2031. The bill also requires the council to determine economic, technological, or process factors that would impede adoption with the law. [Read more](#)

If we as Realtors® want to have a say in our future WE NEED TO GET INVOLVED NOW!

The only way we are going to protect our business is to make our voices heard to our legislators and to the public at large. There are opportunities for all of us to have an impact on not only the building code changes, but also the issues of increased taxes, which is going to come up in the next legislative session starting in January. We need to be heard and we need to take action.

Please do what you can to support our causes. While an RPAC donation is greatly needed, how about giving a little time to the cause?

We need to have our voices heard. Contact me directly to see how you can help.

Michael R. Schoonover, ALC
WSCAR Board Member
Accredited Land Consultant
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The More Things Change, The More They Stay The Same



From the NAR Archives: President Eisenhower's Address at the Mid Winter Meetings, January 25, 1960. President Eisenhower thanks the Realtors® for their efforts in strengthening the economy.

What was true 50 years ago is still true today. **"The mightiest force there is in the United States: an informed public opinion".**

[Watch Video Now](#)

Get involved. Protect your interests and protect your industry.

Fall 2009 Legislative and Regulatory Update

Less Than Nine Months Until Major Real Estate License Law Changes

After several years of industry task force meetings, stakeholder sessions, successful legislation in the 2008 session, and two years of rule and course development, the new real estate license law will go in to effect on July 1, 2010. Although the administrative rules implementing the license law changes will not be finalized until early 2010, all

Dave Elliott
Northwest Corporate RE

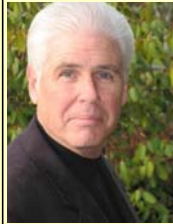
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procedures will be in place for the mid-year change.

Changes to the licensing structure should be well received by the commercial industry where most practitioners are referred to as "brokers." Following a national trend beginning over ten years ago, Washington will have a "tiered" brokerage licensing system replacing the former salesperson and associate broker standard. Entry level licensees and existing salespersons will be licensed as real estate brokers, and current associate brokers will be licensed as managing brokers. Companies will select an individual licensed as a managing broker to serve as the firm's designated broker. [Read More](#)

Education Day in Seattle and Spokane

Don't Miss It!

Designed for commercial real estate brokers, agents and anyone else with a vested interest in our commercial real estate market, you'll get up-to-date on the latest issues impacting our business.

Seattle Program includes:

Annual Economic Update for Commercial Practitioners
Thriving through Real Estate Cycles
Legal Update
Technology Update
Creating Personal Wealth by Investing in Comm'l.
R.E.
Exploring the Tenant Rep Market
Where is Commercial Real Estate Financing Headed?

Spokane Program includes:

Legal Briefing - Commercial Core Curriculum
Technology Update
Where is Commercial Real Estate Financing Headed?
Changes in Commercial Real Estate Appraisals
Spokane Market Update

October 22nd at the Red Lion Hotel, Seattle
7:30AM to 4:30PM

Register [online now](#) or [click here](#) for flier

October 29th at CenterPlace, Spokane Valley
7:30AM to 4:30PM

Register [online now](#) or [click here](#) for flier

Flooding in the Green River Valley

Over the past month, a little-known threat has become front page news: the Green River Valley, consisting of the communities of Renton, Tukwila, Kent, and Auburn, is in serious danger of a major flooding incident. The Howard Hanson Dam, which has protected the Valley from major flooding since its construction by the Army Corps of Engineers in 1962, cannot safely contain the usual amount of runoff behind its walls without the threat of a catastrophic collapse. To avert this calamity, the Corps must release this excess water resulting, by their own admittance, a 1 in 3 chance of flooding within the Valley. [Read More](#)



Michael J. Roy, CCIM
WSCAR Board Member
Neil Walter Co.
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Watch your in box for the upcoming
WSCAR Board of Directors election
ballot.

Your vote matters!



Online Green Broker Certification - 30 hrs CE Credit

CBA ([Commercial Brokers Association](#)), has launched an online Certified Green Broker education program for commercial real estate professionals designed to train brokers to adequately counsel clients on sustainability business practices. The Certified Green Broker course website is www.greenbrokereducation.com.

Approved for 30 Hrs CE Credit

The course is being offered at an introductory rate of \$750 per course through December 2009. After January 1, the retail price is \$975. Companies buying multiple courses for their brokers will receive additional discounts. For more information call Barbara Travers 206.660.0307



SAVE THE DATE:

GREEN BROKER CONFERENCE - 7.5 Hours CE Credit

January 7, 2009
Seattle Center

Early Registration Discounts and Company group rates available
For registration and sponsorship information:
www.cascadiagbc.org/green-broker

From the basics of green design to green building valuations and green leases, join us for a solid introduction to the the fastest growing sector of commercial real estate.

"The Green Broker education course is an excellent in-depth tool for our industry. It's accessible, user-friendly and downright fascinating. This information can assist brokers in improving a client's efficiency and/or bottom line while also helping to 'green-up' our environment."

**Sandra Hill, Associate
Grubb & Ellis
Certified Green Broker**

The WSCAR Quiz

Take This True or False Quiz
and Enter to Win Free Admission to an
Upcoming WSCAR/CBA Class!

[Take the Quiz Now](#)



What Would the Commercial Real Estate Industry Look Like Without the REALTOR® Organization?

- **Capital Gains:** Taxation on the gain realized on real estate and other investments taxed as ordinary income
- **Federally Chartered Banks in Real Estate:** Who would need a broker when lenders can represent clients in sale and lease transactions?
- **Terrorism Insurance:** The value of office buildings could have plummeted following 911 without the availability of Terrorism Insurance when lenders won't lend on unprotected properties
- **Leasehold Improvements:** Depreciation schedules for leasehold improvements would be calculated over a 30 year rather than 15 year period.

- **Sales Tax:** Real Estate licensees would pay an 8% sales tax on their earned commissions (\$4000 on a \$50,000 commission)
- **Real Estate Excise Tax:** The tax in our State would be .065% higher (an additional \$34,000 on a \$5,000,000 sale)
- **B&O Tax:** The B&O Tax charged in our state would be higher by one-third
- **License Reciprocity:** Licensed commercial real estate practitioners may not be able to practice commercial real estate in other states without being licensed in each state they provide commercial real estate services.



The Legal Assistance HOTLINE

is a service for members of the Washington Realtors®. It is funded through your dues. There is no additional charge for individual members calling the HOTLINE. The HOTLINE provides legal information, not legal representation. It offers answers to real estate questions that have broad applicability. The HOTLINE will not represent any party in a transaction. Your own attorney will continue to be an important part of your business.

For more information call 1.800.562.6027 or email legalhotline@warealtor.org. Visit www.warealtor.org and log in under Realtors® only - to access thousands of questions and answers.

Stories continued from above

Washington Energy Code Issues continued

If factors exist, they are allowed to defer implementation of the proposed energy code update and shall report its findings to the legislature by December 31st of the year prior to the adoption of the code. The Governor's letter asks the Council for "...full consideration of a 30 percent improvement in the state energy code during the 2009 building code adoption cycle."

Washington REALTORS® have monitored the SBCC sessions over the summer and are working with others to determine the impacts of the proposed code changes on both the residential and commercial real estate industry. To date the impacts of these amendments to new construction are approximately \$11,000 to \$22,500 for residential, and \$5 to \$10 per square foot for commercial.

Additional concerns include the existence of the technology or products to meet the aggressive code requirements, how code enforcement will occur over time and how aggressive it will be, and the cost and feasibility of meeting the code when considering remodeling or tenant improvements in existing buildings.

As a final note, the bill also requires the Building Code Council to evaluate and consider adoption of the International Energy Conservation Code (I.E.C.C.) in place of the existing state energy code. The Council adopted a motion to consider adopting the International Energy Conservation Code as part of their work in 2010. I.E.C.C. is currently being cited in various federal energy bills being considered by Congress. This raises an issue about the economic impact and competitiveness of state businesses in the future if state energy requirements are more aggressive than national requirements.

Legislative & Regulatory Update continued

Although pre-license education requirements will increase for entry-level licensees on July 1, 2010 from sixty clock hours to ninety hours, all existing licensees will only be required to complete a three clock hour "transition" course prior to their first license renewal after July 1, 2010. The transition course will count for continuing education hours but will be in addition to the required three clock hour "Core" curriculum. The thirty clock hour continuing education requirement for each renewal cycle remains unchanged.

Post-license education requirements for individuals licensed after July 1, 2010 will increase by thirty additional hours. Prior to renewing their license at the end of two years they will have to complete thirty clock hours of Real Estate Law, thirty clock hours of Advanced Practices and thirty hours of continuing education, including the three clock hour "Core" course.

Licensees who want to obtain a managing brokers license will have to be actively licensed for three years (an increase over the current two year requirement), and complete thirty clock hours of Advanced Real Estate Law, thirty clock hours of Brokerage Management, and thirty clock hours of Business Management. Once an individual is licensed as a managing broker, the thirty clock hour continuing education requirement remains unchanged.

In the months ahead we'll share more information about significant changes. For now, remember all active licensees will be required to complete a three clock hour transition course before you can renew your license

after July 1, 2010. We'll let you know when this course is available, and various ways you can satisfy the requirement.

Flooding in Green River Valley continued

On a large scale, the ramifications of a major flood will extend far beyond the directly affected occupants of the Valley. The Green River Valley is the 5th largest distribution hub in the country. The ripple will be felt up and down the supply chain—resulting in the interruption of goods to nearly every home and business in the Northwest.

To those businesses actually located within the floodplain, the severity and helplessness of the problem is hitting home as they attempt to accomplish the one task recommended to them by the authorities: that is, to purchase flood insurance. Like a huge game of musical chairs, many businesses are finding that insurers are suddenly “red-lining” the Valley, and no longer issuing flood insurance policies in the region. Worse yet, some are being told that their existing policies are invalid in the event of a flood, as the release of water from the dam is a man-made event, and is therefore not a natural event covered by the policy.

To commercial real estate practitioners in the Valley, this poses a dilemma: does one sound the alarm, and warn their clients to get to higher ground at great cost and expense? If we escape the flood season without major incident, those who followed their broker's advice may view them as alarmists. But if a broker chooses to ignore the peril, and blithely leases or sells properties within the threatened areas to those same clients, that broker is risking more than just a loss of trust. Huge losses of property, and possibly lives, are at stake. It is imperative that as a profession we educate ourselves and our clientele on the inherent issues of living and working within a floodplain.

Spreading misinformation may produce an immediate transaction, but in the long term it may result in the lost trust of a client and a negative impact on our industry.

For more information on the potential flooding of the Green River, and how to prepare for such an event, see www.kingcounty.gov/floodplans

Howard Hanson Dam Fact Sheet: www.nws.usace.army.mil/



FORWARD THIS MESSAGE