TELLURIDE Association of REALTORS

Spring 2006

T.A.R. Members Clean Up the Spur

Board Member, Matt Hintermeister, poses with one of the T.A.R. 'Adopt-a-Highway' signs during our 5/10 clean-up of the Spur. Almost 10% of our members volunteered for highway clean-up on May 10th, making it a huge success.

REALTOR®

President's Corner
by Kim Havell

The Telluride Real Estate community has been off to a strong start in 2006 with progress that includes new real estate records being set monthly in both dollar volume and sale volume, a growing membership that has increased to 209 REALTORS®, a successful managing broker's forum meeting to determine new, future advancements for the membership, and a decisive town of Telluride valley floor vote in favor of proceeding with condemnation. With such great momentum and activity, in this letter, I hope to touch on several individuals who continue to strengthen both the visions and the forward direction of our membership and our board.

Teddy Errico, our first time homebuyer representative and board secretary, continues to help guide our grant program, enabling more first time homebuyers an opportunity to own property in this area. With Teddy's continued efforts, our REALTOR® contributions continue to grow locally as we also guide other real estate boards in Colorado to implement this program, helping to relieve the burden to homebuyers in their areas. Teddy is also spearheading our Memo updates, with the help of our TAR office, after each general membership meeting, as another great service to our members.

Matt Hintermeister, our second Colorado Association of REALTORS® Director and State Legislative representative, has been an incredible asset to our board team and continues to keep us abreast of all pertinent issues stemming from our state's governmental activities and legislation that are pertinent to our local association. Matt has also been traveling to conferences on the behalf of the board to gather information on new legislation and technology that could affect the way we do our business. We are grateful for his efforts in increasing our awareness of Realtor related current events.

Eric Saunders, our PR Chairperson, has helped to both manage and create several great programs for our community this year. Eric not only coordinated our first TAR highway clean-up but also put together our second annual first time homebuyer's workshop. It takes a great deal of effort and perseverance to make these events occur, and, with the help of the TAR office, we found great success in providing these services to our community. Eric has also coordinated the listing of our REALTOR® volunteer activities on the TAR website— please visit www.telluriderealtors.net to make sure that your information is listed and is accurate. And, thanks to the almost 20 individuals who participated in the May 10th highway clean-up.

Banks Brown, our MLS Director, has been instrumental in helping to educate our membership on the Paragon system that was implemented last summer. Banks, with the help our MLS coordinator Amanda Martin, has also been addressing comments from the membership and working to fine tune the system so it is realized at its maximum potential for our usage.

As we move into spring and summer, our board's main goals remain focused on helping to both find and create more affordable housing opportunities in the immediate area, to promote the businesses of our affiliate membership, to increase continuing education class opportunities, and to offer technological advancements and enhancements to improve the ways in which our membership does its business. At any time, our board's door is open to questions, comments, or ideas— please let us know if there is anything that we can do for you.

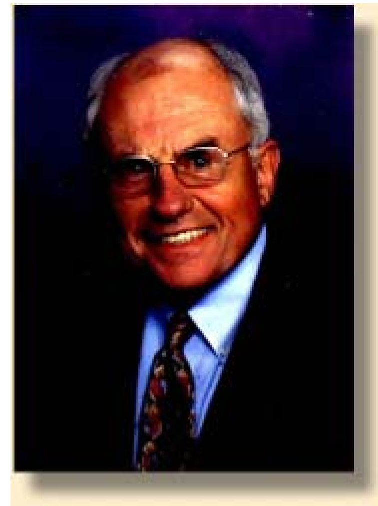
Sincerely,

Kim Havell

Kim Havell

Ethics Tips
by Steve Stazel

A LITTLE KNOWN STANDARD OF PRACTICE



What follows is a rarely discussed Standard of Practice of which we should be aware. It DOES NOT apply when we are doing a CMA in order to assist a buyer to determine an offering price or with a seller in order to arrive at a listing price. It usually comes into play when we are doing a CMA as a favor for another person or when we are doing a CMA for a fee. I believe the purpose of this Standard of Practice is to notify anyone using this CMA that the prepairer is not a certified appraiser. The Standard of Practice is as follows.

Standard of Practice 11-1

When REALTORS prepare opinions of real property value or price, other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, such opinions shall include the following:

1. identification of the subject property
2. date prepared
3. defined value or price
4. limiting conditions, including statement. of purpose(s) and intended user(s)
5. any present or contemplated interest, including the possibility of representing the seller/landlord or buyer/tenants
6. a basis for the opinion, including applicable market data

if the opinion is not an appraisal, a statement to that effect

Colorado Real Estate Commission Position Statement 24 also addresses this issue. It states (in part) that brokers should include the following wording in the CMA…"NOTICE the preparer of this appraisal is not registered, licensed, or certified as an appraiser by the state of Colorado" (even though the real estate commission uses the word "appraisal" you might want to change it to "CMA")

If you have any ethical questions you can contact Steve at stazels@msn.com or 303-773-3333

A STATEMENT TO MAKE—A QUESTION TO ASK

Whenever you hold an "open house" there is one statement you are required to make and one question you are required to ask. Before you read any further do you know what they are? The statement is a disclosure of your relationship to the seller. Standard of Practice 16-12 states you will disclose your relationship with the seller to the prospect "as soon as practicable". That can be accomplished with a simple sentence "Hello, I'm Morley Krupt I am an agent for the seller, may I help you? Or "I'm Bud Tugly I am a transaction broker for the seller". (be prepared to explain what a transaction broker is).

The question you are required to ask is "Have you signed an agency agreement with another broker?" That is the requirement of Article 16 of the Code of Ethics (Standard of Practice 16-9 & 16-13). I would like to suggest that we take that requirement one step further. May I suggest instead of the above question you ask either of the two following questions? "Are you currently working with another broker" or "Have you established a working relationship with another broker" What you are saying in these two questions is …"If you are working with another broker as EITHER an agent or transaction broker I will respect that relationship" I think the important thing here is that you are more concerned with a relationship being established than with an agency being signed. Isn't an attitude of respect for our fellow REALTORS in everyone's best interest?

Continued on Page 4...

Member Tracks

'A Statement to Make—A Question to Ask' Continued from Page 3…

As an aside……If you are holding an open house and a prospect comes in and says "We are working with Bud Wiser" what else are they saying? They are saying three things. 1st That they would like to look through the house. 2nd If they submit an offer they plan to write the offer through Bud. 3rd. Is it O.K.. if they look at the house under those conditions. I would hope that you would say "Come on through. I would love to co-op with Bud."

But wait a minute….what if you are holding the house open and it isn't your listing? You won't make anything if these people buy this house. A suggestion to avoid this situation….. Prior to holding another brokers listing "open" you may want to cover this possible event with some type of referral agreement between you and the listing broker...

Member Tracks

New Members:

Judi Balkind, Mountain Management at Telluride, Inc.
Keith Brown, Nevasca
Christina Casas
Betty Cutler, Peaks RE Sotheby's International Realty
Nora Davis, Vista Realty
Margaret Falk, Peaks RE Sotheby's International Realty
Sally Field
Kimberly Fulton, Mountain Village Properties
Jesse Kajer, The Podsckoch Network
Debra Kane, Rocky Mountain Real Estate, Norwood
Tricia Logeman, Telluride360
Jody Madory, Nevasca
Alex Martin, TREC
Nicole Pieterse, Andrea Faust & Company
Ryan Podskoch, The Podskoch Network
Dave Pihlgren, Real Estate Affiliates of Telluride
Josh Rapaport, Real Estate Affiliates of Telluride
Michael Scherr, Nevasca
Kiplynn Smith, Telluride Properties
Steve Swenson, Mountain Management of Telluride, Inc.
Asa VanGelder, Prospect Realty
Hadley Watson, Mountain Management of Telluride, Inc.

Office Name Changes:

None

On the Move:

Elizabeth Foley: Telluride Properties to Peaks RE, Sotheby's
Bob Forsberg: Resort Marketing to Real Estate Affiliates of T-Ride
Kevin Holbrook: TREC to Telluride Realty
Glenn Lester: Alpine Lodging and R.E. to 4 Corners Properties
Julie McAfee: Telluride360 to Telluride Realty
Angela Pashayan: TREC to Telluride Realty
Eric Saunders: TREC to Telluride Properties
Lisa Schroeder: Telluride Business Brokers to Alpine L & R.E.
Peter Singleton: Alpine L & R.E. to 4 Corners Properties
Tim Singleton: Alpine L & R.E. to 4 Corners Properties
Pamela Tate: AMMV Sales to Buyer Brokers of Telluride
Michael Wentworth: R.E. Affiliates to Telluride & M.V. Properties
Kate Woods: TREC to Telluride360

New Affiliate Members:

Altitude Appraisals
Gibson Architects, LLC
Ridgway Development

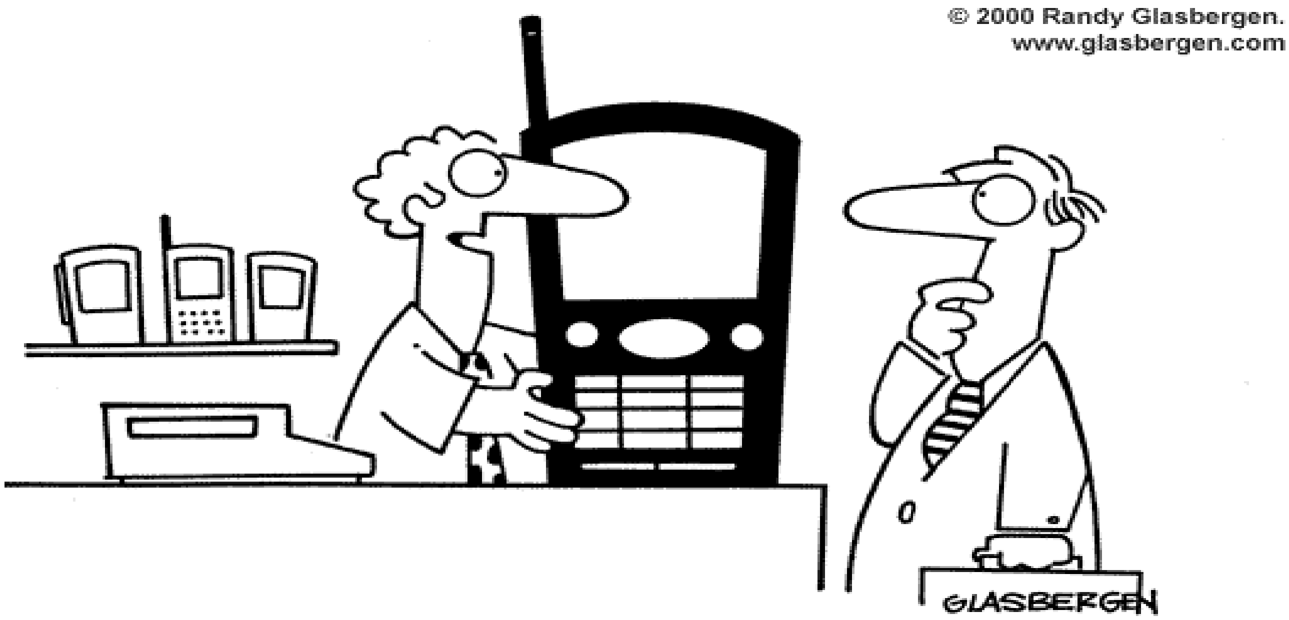
New MLS Only Members:

Aspen Ridge Properties: James Bittel
Broker Direct of Colorado: Schaunon Winter
Coldwell Banker Western Hills Realty: Terry McCabe, Ted Saunders
Janet Z Real Estate: Janet Scott
Kienholz-Miller & Co.: Patricia Cohen, Kathy Coons, David Kienholz, Jennifer Russell, Melinda Timian
Ouray Realty & Investment: William Chipley
Premier Properties: Seferino Valdez
Ridgway Real Estate Corp.: John Meltzer
San Juan Realty, Inc.: Karen Brooks, Jennifer Brooks, Susan Prather
United Country Western Slope Realty and Land: Paula Marlatt, Bernie Ross

We will Miss the Following Members and Subscribers:

Ron Barnes, Playground Destination Properties
Bobbi Browner, Ponderosa RE
Ty Clark, Telluride Properties
Patrick Clowes, Terra Limited
Kit Collins, Telluride Realty
Ellie Courtney, Coldwell Banker Western Hills Realty
Rachael Douglas, Peaks Real Estate, Sotheby's International
Scott Erickson, Telluride Business Brokers
Walter Farnham, Eaglewood Properties
Roberta Garrett, Rocky Mountain Real Estate, Norwood
Allison James, Bobbie Carll Realty
Mark Lindenbaum, TREC
Louis Lystad, Alpine Lodging and Real Estate
David Olson, Ponderosa Real Estate
Shirley Olson, Ponderosa Real Estate
Manet Oshier, Coldwell Banker Shaw & Co.
David Shaklee, AMMV Sales
Toni Wyrick, Wyrick Real Estate Resources

Upcoming Events



"It's an internet-ready, tri-mode, LCD color, MP3 compatible, digital wireless communicator. We make them extra big so people will notice how cool you are."

Calendar of Events

Date	Time	Location	Event
6/5 and 6/6	All Day	Stanley Hotel, Estes Park	C.A.R. Summer Conference
6/7	All Day	Sheriff's Office, Ilium	Digital Fingerprinting Available by Appointment
6/14	8:30a.m.	Conference Center, M.V.	General Membership Meeting
6/14	T.B.D.	Mountain Village	Mountain Village Brokers' Open Tour
6/28	T.B.D.	Ridgway/Ouray	Ridgway/Ouray Brokers' Open Tour
7/4	All Day	T.A.R. Office Closed	Independence Day!
7/12	All Day	Sheriff's Office, Ilium	Digital Fingerprinting Available by Appointment
7/12	T.B.D.	South Mesas/Down Valley	South Mesas/Ilium/Down Valley Brokers' Tour
7/19	All Day	Sheriff's Office, Ilium	Digital Fingerprinting Available by Appointment
7/20	10a.m.-Noon	Wilkinson Library	New Member Mandatory Orientation
7/21	Noon	Elks' Park	FTHBAF Recipients' Photo
8/9	All Day	Sheriff's Office, Ilium	Digital Fingerprinting Available by Appointment
8/11-8/16	N/A	N/A	T.A.R. Elections! Elections end 5p.m. on 8/16
8/16	T.B.D.	Blue Jay Cafe	Annual Membership Meeting
8/16	T.B.D.	North Mesas/Down Valley	North Mesas/Down Valley/Lawson Hill Tour

Agents Can't Live Without It – Consumers Love It
by Banks Brown, MLS Director

Whether agents like it or not, MLS, the rules governing it and the sharing of data residing in it, is a very hot commodity in today's world. It was originally designed for mutual sharing of information by industry peers to facilitate the research and sale of properties. How fast technology has changed the way we conduct and manage our business! We've evolved from in 15 years, cards to printed books to the ability to print locally to data on wireless handhelds.

Today, real estate professionals can't operate without it. The biggest change is that now more and more consumers have discovered the power of it. Information, once input into the MLS system, has become widespread via the Internet. We no longer function within our small island in the mountains. Our companies have national affiliations and their web links to our listings, each firm has its own website with IDX, and there are third party sites like Realestate.com and any number of other ways to access our MLS data.

Real estate websites have become central to the search for property and the Internet is the affecting the buying process in two significant ways: it is accelerating the entire process and empowering buyers in the transaction. There is more information about neighborhoods, homes and prices available than ever before. 78% of the industry has the ability to attach documents to listings, 51% have the ability to integrate tax data, and many systems have the ability to provide mapping to consumers.

We at the Telluride MLS have recognized three important needs of our subscribers;

- The need to protect the right of the broker to control his listings
- The need to control the publication of sensitive aspects of the MLS (i.e. the names of sellers, financing information, broker to broker communication, etc.)
- The need to insure accurate and complete information MLS system input.

At the local level, we addressed the first two needs beginning with the implementation of IDX and VOW. NAR has followed with a new policy entitled "Internet Listing Display" consolidates our policies and other MLS subscribers into a single, unified policy governing Internet display of all property information.

The third need dovetails with one of TAR's goals to promote professionalism among our membership. It is critical for practicing Realtors to have complete and accurate information. The need to revise data presented to a client because of inadequate or inaccurate listing data input reflects poorly on the broker and on the real estate community as a whole. We owe our fellow practitioners more respect than to submit shoddy data.

With consumers examining Telluride more and more thoroughly on-line, accuracy in listing representation becomes even more important. Our buyers and sellers are presented via the Internet a picture of how the Telluride real estate community operates, how we collaborate on transactions, our professionalism and the veracity of our information.
Consumers are definitely comparing Telluride to other resort markets and our group professionalism is one of the lasting first impressions buyers will retain.

While some agents don't seek to care about these current trends, a growing number of players nationally and regionally such as HouseValues.com, Realestae.com, Google, eBay, Craiglist, Zillow, etc. are exploring alternatives to meet growing consumer need for an expanded flow of real estate information. It is imperative that we be the source of information for our marketplace. Let's set the bar very high for complete and accurate information so that our MLS is the preemptive site for Telluride real estate information.

Holding Requirement for 1031 Exchange Relinquished and Replacement Properties

One of the most frequently asked questions is how long does a taxpayer/investor need to HOLD his or her relinquished property before selling and/or completing a 1031 tax-deferred exchange and/or how long does he or she need to HOLD the replacement property after doing a 1031 tax-deferred exchange.

This is not an easy question to answer. The Department of the Treasury Regulations [1] and numerous rulings make it very clear that the taxpayer must have the **INTENT** to **HOLD** his or her property for rental, investment or use in a trade or business. In fact, if the taxpayer's relinquished property was purchased just before the 1031 exchange transaction the Internal Revenue Service has routinely taken the position that the taxpayer actually purchased the property for sale rather than HOLDING it for investment. [2] The Internal Revenue Service has also taken the position that if the replacement property is sold immediately after the 1031 exchange transaction then it was not HELD long enough to qualify for 1031 exchange treatment. [3] A number of court decisions have been handed down that have also taken the same position, although they have been somewhat more liberal than the Department of the Treasury and the Internal Revenue Service. [4]

Taxpayers face a variety of Regulations and Rulings that clearly require the taxpayer to HOLD his or her property for qualified use (rental, investment or use in a trade or business), but the pronouncements do not definitively describe how long to HOLD the property or exactly how to demonstrate the taxpayer's INTENT to HOLD the property. Therein lies the problem. So, how long must a taxpayer HOLD a property to demonstrate INTENT?

The amount of time a taxpayer HOLDS the property is not the only determining factor, but it does play an extremely important role in demonstrating INTENT. The easiest way to demonstrate the taxpayer's INTENT to HOLD a property is to do just that – HOLD the property. The longer the taxpayer HOLDS the property the stronger his or her case (argument) will be.

Tax advisors frequently recommend that taxpayers HOLD the subject property for at least one (1) year because the taxpayer will have little difficulty proving INTENT with a one (1) year HOLDING period. The taxpayer will most likely have two (2) income tax returns listing rental income, expenses and depreciation, which provide a solid case to prove the INTENT to HOLD a property. In addition, Congress was actually considering a 12 month HOLDING requirement quite sometime ago and the 12 month period is the cut off or difference between ordinary income tax rates and capital gain tax rates. It if for these three (3) reasons that many tax advisors and 1031 exchange experts recommend a 12 month HOLDING period.

It is also clear that if the taxpayer is considered a dealer he or she will not qualify for 1031 exchange treatment because he or she is technically HOLDING property for sale (inventory) and not for investment purposes. Similarly, if the taxpayer's INTENT is to buy, fix up and then sell (flip) property he or she clearly does not have the INTENT to HOLD and will not qualify for 1031 exchange treatment.

The HOLDING issue becomes substantially more complicated when a taxpayer HOLDS legal title to his or her relinquished property, or is planning to HOLD legal title to his or her replacement property, in a partnership, corporation or multi-member limited liability company. The partnership, corporation or multi-member limited liability company can certainly sell relinquished property held in that entity's name and then purchase like kind replacement property to be HELD in the same entity's name and qualify for 1031 exchange treatment. The complexities arise when some of the underlying shareholders, partners or members wish to go separate ways. This is beyond the scope of this article, but should be mentioned because of the HOLDING issues and other complexities involved.

Having said all of that, only the taxpayer can determine how aggressive or conservative he or she wants to be. The longer a taxpayer HOLDS a property the more conservative he or she is being and the easier it will be to prove INTENT to HOLD a property. The shorter the HOLDING period the more aggressive the taxpayer is being and the more difficult it will be to demonstrate his or her INTENT to HOLD a property for rental, investment or use in a trade or business.

1031 exchange transactions are complicated real estate structures that involve significant tax and legal issues. Taxpayers should always consult with competent legal, tax and financial advisors prior to entering into and completing a 1031 tax deferred exchange transaction.

Foot Notes:

[1] Department of the Treasury Regulations 1.1031(a)-1(a).[2] Revenue Ruling 84-121, 1984-1 CB 168; Revenue Ruling 77-337, 1972 CB 305; and Revenue Ruling 57-244, 1957-1CB 247.[3] Revenue Ruling 75-292, 1975-2 CB 333.[4] Regals Realty Co. v. Commissioner of Internal Revenue, 127 F.2d 931 (C.C.A. 2d Cir. 1942) (replacement property listed for sale one month after 1031 exchange transaction); Griffin v. Commissioner of Internal Revenue, 49 T.C. 253, 1967 WL 1261 (T.C. 1967) (replacement property)

MLS Corner

PARAGON TIPS AND TRICKS

How to create an icon on the Desktop for Paragon Online

This document is designed to put an icon on the desktop to open Paragon Online through Internet Explorer. Once the icon is on your desktop all you will have to do is double click the icon and the Paragon Online Login Page will open up.

At the Paragon Login Page, **right click in the gray area.** Now **left click on Create Shortcut.** You will see a message saying a shortcut will be placed on the Desktop. **Click OK.**

The shortcut can also be dragged into your windows taskbar. Simply **left click on the shortcut and drag it to the taskbar**, located just right of the Start button at the bottom left of the screen.

You may also add the Paragon Login Page to your Favorites Folder and/or Bookmarks, which is very helpful as well.

Image quality in the Paragon MLS System

When a photo is added to the system it is compressed or resized based on two different criteria. Compression and Resizing will affect the listing image quality on various reports and brochures in the Paragon System.

Compression: If the file is over 32K then Paragon will compress the image until the picture falls under this file size. Therefore if the starting image is relatively large, 100K or more, then more compression will have to be done to get it under the 32K limit; the more compression the higher the loss in quality. This would explain why some images look better than others.

Image Size: Image size refers to the resolution of the photo. Paragon requires images that are 640 x 480 or less in resolution. So, if you have a picture that is under the 32K cap but has a resolution or image size bigger than 640-480, compression will occur. You can easily review your image size within the folders that store them by holding your cursor over the listing image or right click on the listing image and chose Properties to view the Dimensions and File size of the image. The preferred file type for listing images in Paragon is JPEG.

Running a Firm Inventory Search

The Firm Inventory search creates a list of your listings. Brokers may also have the option of also searching your Office and Firm Listings.

To run a Firm Inventory search, click on **Firm Inventory** under the **SEARCH** menu. The Firm Inventory search options will appear. Select the criteria you would like to search, i.e. Sold, Under Contract, Single Family Residential, Condo, Land, specific area...etc.

Viewing a Firm Inventory Report

From the Spreadsheet view, click **VIEW/REPORTS** to select the **Statistical Reporting** Menu, then **Firm Inventory. The Firm Inventory Report** will display all listings within the specified search criteria. Subtotals are available by status and the Grand Total for all listings is displayed at the bottom of the report. The Expiration Dates will be displayed for Active, Expired and Under Contract Statuses.

Importing your Outlook Contacts to Paragon

Paragon allows you to import your Outlook contacts into Paragon's contact list. To import contacts **open your Contact manager window in Outlook.** Leave Outlook open and open a web browser and **login to Paragon**. **Open the Contact List through Contacts>View Contact List.**

On the upper right, click the "Outlook Import" link in the upper right corner. Internet Explorer might warn you that "An Active X control on this page might be unsafe to interact with other parts of the page. Do you want to allow this interaction?" go ahead and **click "YES".**

Now you should be looking at the export page and your contacts in Outlook should be listed there. If you have more then one Outlook Contact folder, make sure the drop down box is on the correct contact folder, highlight the contact you want, and select "OK". After selecting "OK" some versions of Outlook will come up with a warning**, check allow access, then change to 5 minutes and click "YES".**

Continued on Page 9...

Attorney's Article

Paragon Tips & Tricks Continued from Page 8...

System Checker

If you are having trouble with printing or page margins, a good tool to use is the System Checker. **Click on the Help button of Paragon and Select Check System Settings.** This will prompt you to the Paragon Login Page. Do not login. **Click System Checker** button and proceed. At the Configuration Checker page, review the Component list and make attention to any Statuses in Red, these will need attention. Click the button next to the Status that is in Red that needs attention and the System Checker will automatically correct the issue. If this has not solved or optimized your problem you will have to contact Tech Support at 877-657-4357.

Loan Fraud: Don't let the FBI be your next personal relocation company.

By Oliver E. Frascona, Esq.

I can remember when a call to the FBI was a joke. They would not call you back and had no idea what you were talking about. Now they are interested in hearing from us and in stopping loan fraud. These people are serious and they are working hard to eliminate loan fraud. Not a day goes by when I don't hear of someone who is on their way to serious criminal trouble as a result of not following the rules. Yes, some of them are attorneys, some are title people, and some are well meaning REALTORS®.

Why are we here? Unfortunately, it is often because the REALTOR® listened to and trusted a mortgage person that led the REALTOR®, rightly or wrongly, to believe that what was happening was "ok". Anxious to make deals happen for sellers and buyers, the REALTOR® crosses the line. This is a short list of concepts that will help keep you off the short list for the Bureau.

1. Deal with real lenders that will tell you to your face "we will not cheat".
2. Understand that everything, and I mean everything, has to be on the HUD1. There can not be any "paid outside of closing" items. The money has to go through the HUD1.
3. The lender has to know the entire deal. No, oral is not enough. We need to make sure that the lender signs off on the transaction. Some people have the lender sign, received by XYZ Lending, on the contract and return it to the REALTOR®. Good idea.
4. Make sure that it is all in the contract. Do not listen to "I don't want to see that in the contract". That is the opposite of the thoughts that the feds have. They want to see it all in the contract. All of it.
5. If the lender tries to tell you that they don't want to see it, ask them to put that in writing. Yes, a letter telling you not to show the item in the contract. Then we can deliver that letter to the FBI for them to take action against the lender and not the REALTOR®.
6. Don't be fooled by the third party entities that are offering take money from the sellers and then give it to the buyers "after" closing. Unless this is under a HUD approved program, in which case it is in the contract and on the HUD1, you can not do it.
7. Realize that the public and the other REALTOR® may not understand these items as they think that whatever is not on the contract is ok. It is not.

The short version is that the
1. "Real Entire Deal" must be
2. "In the Contract" that
3. "Goes to Lender" and that
4. "Is on the HUD1".

Not sure if it is a problem? Call your attorney, the CAR Legal Hotline, or the FBI. Whatever you get that tells you it is ok, needs to be in writing. Be suspicious of those that don't get it. Do not let one deal jeopardize your real estate license or cast you as a criminal defendant. Think! If it does not seem proper, it probably is not proper.

AFFILIATE SPOTLIGHT

T.A.R. Platinum Affiliate Member

Telluride Mountain Title is the leading title company in Telluride, Colorado. We offer a full range of title products for your convenience. Please stop by our offices or send us an e-mail to discuss how we can make your title experience the best possible.

Visit www.tmtcolo.com for more information.

Save the Date!

T.A.R. General Membership Meeting

sponsored by Masters Company, LLC

Wednesday, June 14th, 8:30a.m.
at the Telluride Conference Center

Mountain Village Brokers' Open Tour will immediately follow!