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Mountain West News

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WHO GETS THE MONEY?

(or: How to Stay Out of Hot Water with your Agent)

Have you ever wanted to see a property and perhaps buy it, but the trusted real estate agent with whom you've been working for a long time is unavailable? Maybe you're concerned that waiting might cost you the property. What do you do? What's your proper course of action?

Buyers often simply call the listing broker and arrange to view the property, and if they like it enough to buy it, they then ask their "trusted agent" to draw up a contract. Unfortunately, this strategy can create a serious conflict between the trusted agent who wrote the contract and the listing broker who showed the property, especially if the contract proceeds to a closing of sale/purchase. Specifically, the brokers may disagree as to which broker has earned the portion of the commission that pertains to the buyer's side, or "selling side," of the transaction.

For most real estate transactions conducted through real estate brokers, the commission earned upon closing is split between the listing broker's firm and the selling broker's firm, with an agreed-upon portion going to each. Once paid to the respective brokerages, the portions are often further divided between the brokerage and the broker.

But in the example above, which of the brokers (the one who showed the property or the one who wrote the contract) is entitled to the "selling side" of the commission?

In our industry we have a concept known as "procuring cause". The National Association of Realtors defines procuring cause as "the broker who initiated an uninterrupted sequence of events that results in the sale of the property" or more simply, the broker whose actions and efforts result in the sale. The broker who is determined to be the procuring cause is the one who is entitled to the commission.

Who makes that determination? If one or both of the disputing brokers are not Realtors®, the dispute is handled through the judicial system. However, if both are Realtors®, then they're automatically members of their local board, respective state association (e.g. Colorado Association of Realtors) and the National Association of Realtors (NAR). As such, both brokers (who are entitled to use the title of "Realtor®" due to the aforesaid board/association memberships) are obligated via the NAR Code of Ethics to submit their dispute to a panel of their peers (other Realtors®) in a process known as arbitration. The decision of this hearing panel is binding.

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The hearing panel considers such factors as which broker showed the property, which broker wrote the contract, which broker gave more assistance in answering questions about the property, financing, etc., how much time elapsed between showing and contract, did a broker alienate the buyer, and many more. No single action makes a broker the procuring cause.

So how can you as a buyer avoid creating procuring cause disputes? A few suggestions:

- Don't call the listing agent for a showing.
- But if you do find yourself in a showing with the listing agent, make it clear to that agent that you're working with another agent and provide your agent's name and phone number.
- Enter into a buyer agency ("Exclusive Right to Buy") agreement with your preferred broker. Explain to any other broker with whom you come in contact that you have a buyer's agent and relay their name and phone number.

REAL ESTATE BY THE NUMBERS

There is more **wealth accumulation** in the country than ever before! Americans' total net worth rose by \$31 trillion between the onset of the pandemic and the middle of 2021. Current homeowners nationwide have accumulated \$5 trillion in equity during the pandemic, or around \$67,000 for a typical owner.

While we have enjoyed low mortgage rates recently, inflation has caused the Federal Reserve to raise interest rates. If you are shopping for a \$300K loan, a rate increase of just 0.9% represents an increase of about \$150 per month for your payments. In addition, national home **prices** have increased by 25% since March 2020. It's no surprise then that first time buyers now account for less than 30% of home sales. The good news? In each of the last 5 decades, home price appreciation has come close to or outpaced inflation, making homeownership a good inflation hedge.

EXCITING LOCAL LISTING

The Bar Z X Ranch in Somerset is listed for sale at \$16.5 million. It offers 640 acres with 26 ponds and has been home to a fly fishing business for many years. Since 2009, there are only 3 other properties in Gunnison County that have sold for \$10 million or more: a ranch resort business on the Taylor River in the Gunnison Forest for \$10M, 0.84 acres of in-town land in Crested Butte for over \$11M, and a ranch between Cimarron and Gunnison with over 10,000 acres for a whopping \$27M. In Delta County, since 2009 the highest-priced properties have sold at just over \$5 million.

crenmls.com, realtor.com, census.gov

...DID YOU KNOW?

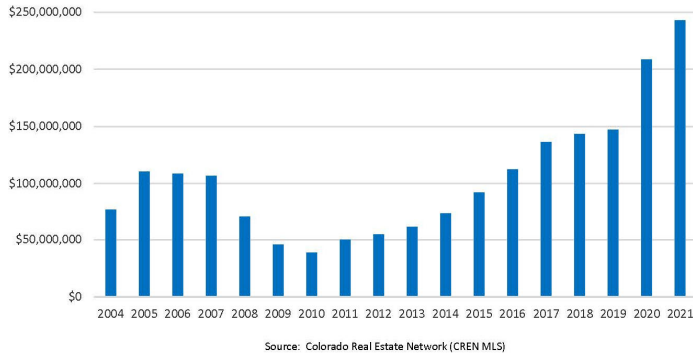
Did you know that Fruitgrower's Reservoir in Eckert is a popular place each year in early spring? You might have heard of "Crane Days", which heralds the arrival of the large sandhill cranes as they stop during their northern migration. Each night, hundreds (if not thousands) of cranes come careening in to land and rest before attempting to fly over Grand Mesa the next day. Their call is a loud chuckling trumpet which can be heard even when the birds are flying so high that they are difficult to see. Best viewing times at Harts Basin are at dusk, when the birds are landing, and in the morning after it warms up and most of them take flight.

For in-depth history about this local event through 2021, visit <https://eckertcranedays.com>. You'll find historical crane counts and etiquette for birdwatching (it can get very crowded along North Road). For more information about the sandhill crane you can also visit <http://www.allaboutbirds.org>. This is a special event, and it's just another reason to love the Surface Creek area and its many natural wonders!





Delta County Total Residential Sales Volume
2004-2021

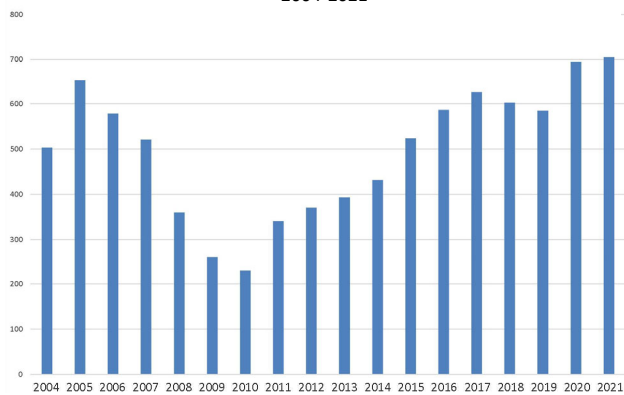


MEANWHILE, IN DELTA COUNTY...

This graph “Total Residential Sales Volume” shows the total dollar amount of sales in Delta County, CO from 2004 through 2021. One thing is clear: the pandemic sure didn’t hurt real estate. In fact, the opposite is true. The increase from the end of 2019 through the end of 2020 was greater than any other period, fueled in part by a steady increase in prices.

This next graph “Total Residential Number of Property Transfers” represents how many transactions, or sides, that there were each year. This is a trickier number. For a real estate sale, there are two “sides” to the deal: the buyer’s side of the transaction, and the seller’s side of the transaction. So if a broker brought a buyer to one of his/her own listings, that broker would get credit for TWO sides for that closing. ...Notice how this graph doesn’t behave in the same way as the first graph. The number of sides decreased from 2017 to 2019 yet the \$ volume increased (barely, but it did go up). And if you look at the number of sides between 2020 and 2021, they barely changed, yet look at the tremendous increase of \$ volume. These indicators are another way to demonstrate how quickly and how much prices increased from 2020 to 2021.

Delta County Total Residential Number of Property Transfers
2004-2021



Spring forth! Let’s be grateful for any MUD because that means we’re getting MOISTURE.

- April** Spring clean, declutter, and DONATE to the RE/MAX yard sale in Paonia next month. Call 970-527-4877 for info!
- Apr 1-2** First ever Grand Mesa Film Festival at Grand Mesa Arts and Events Center in Cedaredge.
- Apr 15-17** Easter weekend.
- Apr 18-22** Delta County schools spring break.
- May 6-8** Hotchkiss Sheep Camp Stock Dog Trials. Come see these working dogs do their thing, a truly local tradition.
- May 8** Mother’s Day.
- May 28** GIANT YARD SALE from 8:30 a.m. to 3 p.m. at Paonia Town Hall to benefit North Fork Children’s Christmas Party.
- June 10** Crazy Raft Race in Delta. Build a raft, then win prizes for craziest or most likely to sink rafts. Serious fun!
- Jun 9-11** Crawford Pioneer Days. Weekend shenanigans include live music, food, fireworks, parade and outhouse races!





WE NEED YOUR STUFF!

It's HAPPENING!! RE/MAX Mountain West is excited to announce the **14th Annual Yard Sale on May 28 in Paonia** to benefit the North Fork Children's Christmas Party!

The North Fork Children's Christmas Party was created in 1991 by Elaine Vervloet and a few of the ladies from St. Margaret Mary's Catholic Church in Hotchkiss. At first the church identified needy families, then Elaine decided to work through the local schools, sending a form home for families to fill out if they needed Christmas assistance. This expanded the Party considerably; this charity now serves 175 to 200 needy kids each year!

The funds raised from our Yard Sale are used to purchase the kids' personalized gifts. Gifts include necessities like winter coats, shoes and clothes, but also include games, toys, and books. Baby bags are created for infants. Santa hands out the gifts to each child during the marvelous Christmas Party held at Hotchkiss's Memorial Hall.

This wouldn't work without broad-based community support! Please donate quality items to the Yard Sale. We can accept small-sized donations at the our Paonia office at 225 Grand Avenue, and larger donations the day before the sale on Fri. May 27 at the Paonia Town Hall. Then: **Come SHOP Sat. May 28 from 8:30 a.m. to 3 p.m..** THANK YOU!

Thanks to contributor Pam Bliss



RE/MAX Mountain West



POSTAGE

TO:

If your property is currently listed for sale, this is not intended as a listing solicitation.

We're very excited to announce that **RE/MAX Mountain West has been awarded 2021 RE/MAX Brokerage of the Year!** We are one of six agencies to receive this award within the 14 states of RE/MAX's Western Region.

RE/MAX states: "This Special Award is awarded to an office who has demonstrated first-rate service, positive recruiting and retention efforts, and valuable community involvement. This brokerage is committed to the RE/MAX Brand by being consistently engaged and by promoting new initiatives. Their encouraging and productive culture is self-evident, as is their ability to provide leadership to surrounding offices."

We are a locally owned and operated full-service real estate brokerage with offices located in Carbondale, Cedaredge and Paonia. Founded in 1992, our brokerage has 21 Realtors® specializing in Residential, Land, Farm & Ranch and Commercial real estate. **We are honored to be recognized by RE/MAX for all the hard work that our agents do!**

Brokerage
OF THE YEAR

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