

## CRE DEALS WITH IMPACT OF REDEVELOPMENT AGENCY SHUTDOWNS



As a result of a state Supreme Court ruling in late December, all California redevelopment agencies – more than 400 total -- were shut down on Feb. 1.

Throughout the state, cities and counties have loaned in excess of \$4 billion to their redevelopment agencies for the past several decades. These agencies are currently under review by the state Department of Finance, which has asked RDAs for a plan that shows how they are going to pay off their debts.

Kathie DeRobbio, economic development manager for the City of Brea, said she and her staff are taking action but remain unclear about future ramifications.

“A lot of options are off the table right now and it’s unclear how much of an impact this is going to have in the long-term,” said DeRobbio. “But we are still going to encourage redevelopment. And we will continue to work on



alternate ways to help new businesses find resources. “

The main goal of redevelopment was to wipe out blight, but in doing so cities also wanted to create jobs and in many or most instances increase sales tax revenue. So for many years leading up to the

RDA shutdown, it was common for cities to lend money to these agencies in an effort to avoid the fees associated with borrowing money from private investors. But it now appears as though cities may not be getting all that money back and may have to dip into their general funds to cover their losses. They should know by late April, when the Department of Finance finishes its reviews.

The California Redevelopment Association and League of California Cities have teamed up with Legislature to look for ways that cities can get back some, if not all of their money. So far, no solution has been found.

According to Jim Kennedy, interim executive director of the California Redevelopment Association, loans made before Jan. 1, 2011, prior to when all the dissolution discussion started to occur, should be recognized as valid and enforceable debt that should be repaid by the successor agency to the local government that made the loan.

Further, Kennedy said he believes valid debt should not become worthless debt simply by virtue of state legislative action.

DeRobbio says Brea is hoping to make up some of its losses by taking more out of the city’s general funds to subsidize existing and future projects.

“This whole situation seems so counterproductive in a state that needs new business to create more jobs,” said DeRobbio. “And there will no doubt be a lot of unintended consequences. We are working on a transition plan but there’s a mountain of bureaucratic paper work.”



## ONLINE REAL ESTATE AUCTIONS MAY BECOME NO. 1 WAY TO PURCHASE PROPERTY

Thanks to technology, selling commercial real estate online has become easier than ever. Many of the transactions are now taking place through Internet auctions by companies such as [www.auction.com](http://www.auction.com) and [www.auctionpoint.com](http://www.auctionpoint.com).

Exact statistics on the use of online auctions for commercial real estate sales are not readily available. However, Joseph Tang, founder and CEO of Marina del Ray-based AuctionPoint, says auctions run by brokers, not auctioneers, appear to be taking off. (Tang’s company was developed to give brokers the ability to create, market and run real estate auctions online.)

Tang says that since January 2011, he’s seen a noticeable increase in new auctions being set up by brokers. He believes this is in part because online auctions offer a better, more efficient way for banks to dispose of REO assets.

“The message to the buyer pool changes in an auction,” said Tang. “Instead of setting a high asking price and waiting for an offer, in an auction, the starting bid is set aggressively low, usually at 50% of current market values.

“My prediction is that real estate auctions are here to stay.”

Fees to join auction sites appear to be relatively inexpensive. The start-up fee for brokers at Auctionpoint is \$395. A \$1,200 auction deposit fee is required that is fully refundable at the close of escrow.

After the broker sets a starting bid and builds a page for the property, the marketing phase begins. This is done through signage, fliers and emails.

The auction is held online at the auction website, typically in a four-hour window. Potential buyers place bids in real time and have an opportunity to bid again if they are outbid. The broker and property owner can see all bidding activity.

When the auction concludes, the winning bidder signs the purchase agreement within 48 hours of the close of auction and escrow is opened.

The entire auction process takes about eight weeks, according to AuctionPoint’s website.

*“My prediction is that real estate auctions are here to stay.”*

# INDEPENDENT ESCROW COMPANIES OFFER MANY ADDED BENEFITS



In California, there are three types of escrow companies that service commercial real estate transactions -- independent, broker owned and title broker. Broker owned is regulated by the Department of Real Estate and title is regulated by the Department of Insurance. While such companies fall under the jurisdiction of a variety of supervising agencies, their regulations and requirements vary widely.

Independent companies are licensed by the California Department of Corporations, which subjects them to stringent requirements designed to protect consumers.

For starters, all licensed escrow companies are required to be members of the Escrow Agents' Fidelity Corporation, which provides fidelity coverage for member trust accounts in the amount of \$5 million. This fidelity bond guarantees that, in

the event of theft of trust accounts, the consumer's funds are protected.

The Department of Corporations' strict guidelines also ensure that every licensed escrow company has met the industry's highest standards. The following is a list of consumer protection regulations that independent escrow companies must follow and/or implement:

- A Certification Program for all escrow officers in the company's employ, including fingerprinting and background checks by the Department of Justice.
- An escrow manager with at least five years experience must be on-site.
- Financial stability, including at a minimum one CPA audit a year; and periodic unannounced examinations conducted by the Department of Corporations.

- Cannot employ convicted felons or anyone who has been disbarred from the real estate industry.
- Membership with the Escrow Agents' Fidelity Corporation, which provides a \$5 million fidelity bond.
- Must be an escrow-only company, which requires a higher level of state regulatory requirements and oversight.

Although the majority of unlicensed escrow companies are most likely reputable, it's easier for dishonest individuals at these companies to abscond with the funds. And unless the escrow company is bonded, a consumer would not have any way to recover their stolen funds.

All things considered, independent escrow companies seem to be the best way to protect both your money and your property.



## New! 3-D Property Videos Check out on YouTube Channel

<http://www.youtube.com/user/GMproperties?feature=watch>



## Q&A WITH GM PROPERTIES PRESIDENT JASON JAMISON, SIOR



From amped up social networking to being more hands-on with clients than ever before, GM Properties remains highly committed to staying at the top of the commercial real estate game. President Jason Jamison sat down with Commercial Beat to offer the latest updates on the company, its newest ventures and what's in store in the months ahead.

**CB:** In what ways has your customer service continued to evolve and improve?

**JJ:** We show up daily and do our best to efficiently and effectively communicate with our clients the information they need, before they know they need it. As described below, we have jumped in with both feet and are using social media to keep our clients one step ahead.

**CB:** Share a little bit about your hands-on approach with clients?

**JJ:** I was once told that the only way I would ever truly understand how to operate a building is if I owned one. Since then, I have invested in several buildings with several clients and there is no better way of being hands on than being one of the owners.

**CB:** Are there any new and exciting ways you are reaching out to clients?

**JJ:** Our collaboration with Whittier College provides us with an intern every spring and fall semester. Each intern's mandate is to determine how we can continue to communicate and do business with our clients using technology. The interns we have are smart, motivated and very tech savvy. We are currently creating YouTube videos for the properties we handle and continue to use Facebook, Twitter and LinkedIn to connect. The demand for our quarterly newsletter continues to grow with each and every issue.

**CB:** How has the current real estate downturn affected your company?

**JJ:** It has provided us many opportunities that we would have never otherwise been afforded. We see the current real estate cycle as a tremendous opportunity for us to increase our footprint with both leasing and property management assignments.

**CB:** What are two of GM Properties' top priorities/goals in the coming months?

**JJ:** One, sell and lease space. Two, exceed client expectations daily.

# Team GM PROPERTIES:

In every business dealing, senior sales associate Ben Greer strives for open communication and complete honesty. For instance, Greer would never dream of giving a client lip service just to secure their listing. He says that's a sure formula for disaster.

"Lying to a client is a great disservice to them," said Greer, who holds a B.S. from San Diego State University. "I prefer to give my clients a realistic picture of the possible results and then hopefully exceed their expectations."

Greer's ethics have not only brought him success as a sales associate, but also earned him positions on the board of directors for the Whittier Chamber of Commerce and Whittier Hosts Lions Club. In 2011, he was named president of the Whittier Chamber. He also is an active member of the International Council of Shopping Centers (ICSC).

Looking toward the future, Greer says he expecting to see a good amount of growth in the commercial real estate sector.

"I believe the economy will recover and with it there will be a great increase in sales and leasing activity in all categories I deal with, which are office, retail and industrial," said Greer. "I believe there is an underlying demand that will surface quickly as the recovery gains momentum."



Ben Greer, CCIM



Brent Haskell

For Brent Haskell, property manager and sales associate, making sure his clients are happy is without a doubt his most important priority. The Northeast Missouri State University graduate says he works hard to build solid business relationships with his customers to ensure their satisfaction on every level.

"I am a people person and I enjoy helping others," said Haskell, who has more than 20 years of lending, accounting and real estate experience. "As my relationships develop and my involvement in other activities increases, I see my business growing every year."

Haskell focuses his efforts primarily in the Mid County-LA/ Orange County industrial sector. He also maintains a strong presence in Yorba Linda and Fullerton by participating in local organizations.

When dealing with clients, broker Harry S. Lu says his primary goal is to bring them the most competitive products in leasing or sale of properties.

"Meeting my clients' needs is of the utmost importance," Lu said.

With more than 30 years of international and technical business experience, Lu certainly knows all about customer satisfaction. And his savvy extends to creating new and innovative ways to increase revenue and attract new clients.

"I am projecting a 2.5% increase in business over the next five years," said Lu, who specializes in the San Gabriel Valley industrial arena. "I'm also greatly looking forward to exploring new opportunities for growth."

Lu holds a B.S. in chemical engineering from Tunghai University in Taiwan and an M.S. of chemical engineering from Tennessee Tech University in Cookeville, Tennessee. He also is a licensed mechanical engineer, chemical engineer and real estate broker.



Harry S. Lu



Marcy Monaco, GPM

Day after day, property manager and senior sales associate Marcy Monaco shows up to work with the intention of helping her clients realize their biggest dreams.

"I love the people and the diversity. It amazes me how people from all over the world come up with new ideas for businesses," said Monaco. "I love watching a start-up company grow and expand and being a part of the process. Helping others is always fun and exciting."

Monaco's enthusiasm is just as great when it comes predicting what the future holds for the commercial real estate business. "I see continued growth at a steady incline," said Monaco.

Monaco has more than 25 years of management experience. Along with being a former independent business owner, she also worked in management and customer service positions at several Fortune 500 companies.

Monaco is dedicated to continuing education and has completed courses with the IREM (Institute of Real Estate Management), AIR (Association of Industrial Realtors) and ICSC (International Council of Shopping Centers).

Property manager and sales associate Matt Wagner says he is guided by the philosophy that the commercial real estate world is replete with options. This mindset has opened many doors for Wagner and continues to bring him a steady stream of exciting challenges.

"My philosophy is to keep my ears open to listen to what my clients' needs are and to place them in front of the best options available in the marketplace they are searching," said Wagner.

"There's nothing greater than helping my clients start a business or find a new location for it. It's my business to figure out how to best meet their needs and I'm always up for that."

Wagner, a graduate of Cal State Fullerton, brings more than eight years of lending and commercial real estate experience to Team GM PROPERTIES. He specializes in the Mid County-LA/ Orange County industrial sector.

Outside the office, he is involved in the LCDM (Light Construction and Development Management) certificate program at the UC Irvine. Wagner also served as the 2010 Paramount Rotary president.



Matt Wagner

# Team GM PROPERTIES **Continued:**

Efficiency and consistency are attributes that sales associate Dustin Wheelan says he has built his reputation on. And when it comes to the value of his promises, he says they are as good as money in the bank.

“If I tell my clients I will get something done, I will not let them down,” said Wheelan.

Since joining GM Properties in 2007, Wheelan has been working overtime to facilitate the needs of his customers in the areas of sales, finance and web design. Additionally, he says his experience as a trade technician enables him to quickly identify options and opportunities often missed by the untrained observer.

“When working on deals I get an insider’s view of new and different types of businesses,” Wheelan said.

Wheelan earned his A.A. in business from Wyoming Technical Institute, Wyoming. He also was awarded certificates from Mercedes Benz Elite and Graduate Realty Institute.

Among Wheelan’s other business activities is serving as president of the Whittier Sunrise Rotary.



Dustin Wheelan

## Featured Properties:



**Available:** 210 N Sunset  
West Covina, CA

Size: 9,018 sf  
Lot: 27,722 sf  
Zoning: NC  
Two-story, free-standing building.  
Adjacent to 10 Freeway.

For additional information about this site or others, please refer to  
[www.gmpropertiesinc.com/available.html](http://www.gmpropertiesinc.com/available.html)



**SOLD:** 7740 Painter Ave.  
Whittier, CA

Size: 10,196 sf  
Zone: C  
Heather Moon office building.

For additional information about this site or others, please refer to  
[www.gmpropertiesinc.com/available.html](http://www.gmpropertiesinc.com/available.html)