



CIVIL CODE SECTION 1938 IMPLEMENTS TWO NEW LEASE DISCLOSURES TO TAKE EFFECT JULY 1



Commercial property owners will be affected by two new lease disclosure requirements codified in California Civil Code Section 1938, effective July 1. According to Civil Code Section 1938 (part of SB 1186), the first is the Disability Access Disclosure, which was put

in place to limit unwarranted lawsuits brought under the Americans with Disabilities Act (ADA).

The disclosure requires that a commercial property owner shall state on every lease form or rental agreement executed on or after July 1, 2013 whether the property being leased has undergone inspection by a Certified Access Specialist (CASP). If this is the case, they must disclose whether the property has or has not been determined to meet all applicable construction-related accessibility standards pursuant to Section 55.53.

The second law is a Building Energy Use Disclosure, which is regulated by guidelines from the California Energy Commission's Nonresidential Building Energy Use Disclosure Program. This law, which was passed in 2007 as AB 1103, requires non-residential property owners to fulfill two requirements prior to the lease, sale or financing of a building.

First, owners must open an account on the U.S. Environmental Protection Agency's Energy Star Portfolio Manager website and upload or cause its utility company to upload benchmarking data and ratings from the prior 12 months to the account.

Second, owners must disclose energy use reports to prospective Buyers, Lessees and Lenders prior to entering into a transaction.

On July 1, buildings with a total gross floor (TGL) area in excess of 50,000 square feet will be subject to the new program. Buildings with TGL area of 10,001 to 50,000 square feet must comply on or after January 1, 2014. Structures with a TGL from 5,000 to 10,000 square feet will be required to comply by July 1, 2014.



Non-compliance with either one of these provisions could lead to owners being sued or, in the case of the energy use law, being required to pay penalties of up to \$2,000 per day, according to attorneys at the Beverly Hills-based law firm Raines Feldman, LLP.

For additional information, a summary of the disclosures prepared by the CED can be found at:

http://www.energy.ca.gov/ab1103/documents/2011-09-12_workshop/2011-09-12_AB_1103_disclosure_process.pdf



PROPERTY OWNERS SAVE THOUSANDS WITH SOLAR ENERGY SYSTEMS

Although installing solar energy on a commercial building will significantly lower its operating costs, Luke Harrison, owner of Harrison Electric in Whittier, admits he's had a tough time convincing property owners to jump on board. Harrison says the initial investment (up to \$600,000 for a large system) may be off-putting. He also believes there is a lack of information available that properly explains the many benefits of installing solar energy.

"A solar power system will typically pay for itself in less than three years," Harrison said. "And it also has a lot of tax advantages. Still, a lot of people are unwilling to have it installed."

For those with electric bills over \$2,000 a month, Harrison says solar energy is without a doubt a worthwhile investment. And the bigger the bill, the more property owners can save.

"We recently installed a system in Montebello for a company that was paying \$17,000 a month for their electric bill," said Harrison.

"They have cut that down to \$9,000 and will be able to pay off their new system in approximately three years."

Greg Gunter, owner of Greg's Auto Body on the corner of Comstock and Whittier Boulevard in Whittier, installed a 20-kilowatt solar system on his building at the end of

2011. Gunter says his electric bill dropped from \$1,300 per month to \$25.

"I usually am always generating more power than I need," said Gunter, who opened his shop in 2001. "It's been a real good thing."

Beyond lowering electric bills, installing solar energy has benefits such as net metering, which results in power companies giving property owners credits on their future bills if they produce more energy than they use. In addition, solar users in California will receive a 30 percent federal tax credit for the gross value of the solar system.

To request a free quote for installing a solar energy system, visit www.harrisonelectric.com



Tenant Spotlight

WHITTIER CD/DVD DUPLICATION HOUSE STILL THRIVING AMONG IPODS AND MP3S

OT STUDIOS

With the advent of iPods and other digital storage devices, it would seem CDs and DVDs are destined to become obsolete in the not-so-distant future. But according to David Olney, manager of OT Studios CD and DVD duplication house in Whittier, there is still a great deal of demand for this type of media. He believes business won't be slowing down any time soon.

"I don't think CDs are going to go away any time soon," said Olney, who has been managing OT Studios since 1994. "And I've actually been seeing a resurgence of people who are looking for old-style packaging, like vinyl albums. The future looks very promising, in my opinion."

Thanks to repeat business from local churches and independent gospel recording artists, Olney says OT Studios survived the recession with only a few bumps in the road. Clients such as Toyota Corporation, Texas-based Vision Forum Ministries and the cities of Pico Rivera and Hesperia also have proved to be invaluable to OT Studio's success, Olney said.

"Many of our customers have been very loyal, which has helped us through a couple of rough patches," Olney said.

OT Studios, which was founded by John and Helen Schweikert, has been producing recorded materials for more than 30 years. According to Olney, John Schweikert started the business out of his home duplicating sermon tapes for churches. Demand grew for his services

and he decided to officially set up shop on Washington Boulevard.

As technology improved, the Schweikerts expanded their business to include CD and DVD duplication. Olney says the couple never hesitated when it came to investing in the latest technology in order to meet the needs of their customers.

"John and Helen were very good at adapting what they were doing over the years," Olney said.

Along with CD and DVD duplication, OT Studios also offers full-product packaging and on-site conference recording and duplication. Additionally, the company sells bulk CDRs and DVDs, as well as CD and DVD cases, mailers and labels.

For more information, visit www.otstudios.com.



INCREASE IN COMMERCIAL APPRAISALS ADDS UP TO LONGER WAIT TIMES

The manner in which a commercial property is appraised can be a complicated and lengthy process, admits Steve Rethmeier, president of the Anaheim-based Syn-Mar Associates real estate appraisal firm. Property owners can expect to wait up to three weeks to receive a final figure, which Rethmeier says is mostly due to a shortage of appraisers.

"The truth is, we just don't have enough people to handle all the work that's out there," said Rethmeier. "We have to say no more often than we say yes."

Rethmeier expects wait times to continue to increase as business is up 20 percent year over year. By the end of 2012, Syn-Mar Associates had completed more than 850 appraisals totaling \$2.1 billion in valuations.

He attributes the upswing mostly to the recovering economy and the fact that SBA loans have begun to rebound since January.

To handle the imminent workload ahead, Rethmeier said it will take his team of appraisers working closely to identify what is going on with each property it has been asked to appraise. This will include researching other recently appraised properties in the area for price comparison, finding out from owners what they think their properties are worth and tracking down brokers in the area who might know something about the properties in question.

"The complexities in the real estate world have grown exponentially," said Rethmeier, who has taught compliance seminars for Robert Morris Associates and other financial institutions. "The appraisal world has a lot of catching up to do in terms of learning all of the technology that's available to help us do what we do. This is why working in a team environment is vitally important."



"It's not like 30 years ago when one person could retain all the information about a property in a file folder. With all the digital information that's available today, it would be impossible for one person to locate and retain all of it."

Syn-Mar has been providing appraisal services in Southern California since 1985. Rethmeier says his firm is committed to excellence and strives to handle each assignment with unrivaled professionalism, diligence, clarity and accuracy.

For more information about appraisals and appraisal organizations, visit www.syn-mar.com.

CITY VENTURES BUILDS HOMES GOOD FOR A GREEN EARTH AND A GREEN WALLET



Since 2009, City Ventures Residences has been building affordable, energy efficient homes and office buildings throughout California. Kerry Choppin, VP of Acquisitions, says his company is accredited by the U.S. Green Building Council and its homes have achieved the highest standards of efficiency from Leadership in Energy and Environmental Design (LEED®)

KC: Yes! We have seen a very competitive market with land values steadily moving up. I try to find properties that are not actively on the market, therefore reducing the competitive nature of the current marketplace.

GM: What are the prices like right now in comparison to the last couple of years?

KC: Land values were fairly static from 2009 through 2011. However, in the past 12 months, the land values have risen significantly as development firms that have been on the sidelines have re-entered the marketplace.

GM: Tell us about any interesting projects you have in the works.

Choppin took time out of his busy schedule to talk with GM PROPERTIES about several exciting projects City Ventures has recently started.

GM: We understand City Ventures is actively looking for land to develop for affordable housing. Are you finding that there is a lot of property available right now or has it been a challenge to find property?

KC: Over the past 12 months, land acquisition has been a challenge as the medium and large-size developers are back in the market and making acquisition really competitive.

GM: Have you found there is a lot of competition when it comes to having to bid against other developers on land that you are interested in?

KC: Presently I am working on about a half a dozen sites in Los Angeles and Orange Counties. One is a 3.28-acre site, 79-unit development in downtown Covina (an old auto dealership) just south of the Metrolink Station. The second is a 3.29-acre, 75-unit townhome development that we are purchasing from the El Monte High School District in El Monte. The third is 3.5 acres in Claremont (to be combined with the contiguous 2.6 acres) for a 100-unit residential development.

GM: What is the most rewarding aspect of working for City Ventures?

KC: It has been extremely rewarding to work with land owners, city staff and the local community to help them define and achieve their goals.



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Size: 72,860 sf

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www.gmpropertiesinc.com

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Sprinklered
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Anaheim, CA

Size: 24,515 sf

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www.gmpropertiesinc.com

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