

## C.A.R. Meeting Report – April 2020

During the period April 21 – May 9, 2020 the California Association of REALTORS® (C.A.R.) met virtually to conduct the business of C.A.R. This is a report of significant activities of those meetings.



### C.A.R. Directors Action Items:

#### Political Positions taken:

To "SUPPORT" AB 2703, a bill which prohibits an insurer from deducting the value of the land if the insured decides to purchase an already built home in another location with insurance proceeds after a loss.

To "SUPPORT" AB 2408, a bill which adds provisions to the reverse mortgage disclosure notice and checklist. Specifically, AB 2408 will add provisions to the reverse mortgage disclosure notice and checklist that asks the following: 1) If there is a spouse that is named on the property title; 2) If the prospective borrower knows what will happen to the property when they die or permanently relocate away from the home; and 3) If there is an understanding of what will happen to the property if there is a reverse mortgage and the prospective borrower later gets involved with a Property Assessed Clean Energy (PACE) program home improvement loan.

To "SUPPORT" AB 2463, a bill which prohibits the sale under the execution of a judgment lien on a judgment debtor's principal residence if the underlying judgment is based on an unsecured consumer debt.

To "SUPPORT IF AMENDED" AB 1263, a bill which constrains a licensee's ability to avoid a consumer complaint to a regulatory body or a consumer participating in an investigation, through a contractual agreement with the consumer. The amendment would be to exclude a settlement or release agreement.

To "SUPPORT IF AMENDED" AB 2367 a bill which would require admitted insurance carriers in California that offer home insurance to offer insurance to homeowners that have met minimum hardening standards established by a task force also created by AB 2367. The amendment would allow for balanced representation from the insurance industry.

To "SUPPORT IF AMENDED" AB 2436, a bill that requires a policy of residential property insurance to include building code coverage of no less than 15%. The amendment would allow consumers to "opt in" to 15% building code coverage upgrade in every full coverage homeowner's insurance policy.

To "SUPPORT IF AMENDED" SB 1199, a bill that creates the state Commission of Home Hardening within the Business, Consumer Services, and housing Agency. The amendment would include balanced representation from the insurance industry on the commission.

To "WATCH" AB 2127, a bill that would create, among other provisions, "Insurance Market Action Plans" (IMAPs), a new type of regulatory filing that insurers would be able to file with the Department of Insurance.

To "WATCH" SB 1148, a bill which eliminates the initial requirement that a notice of sale be published in the city in which the property or some part of it is situated and instead provides that the initial publication preference is for a newspaper of general circulation in the public notice district in which the property or some part of it is located.

To “OPPOSE” AB 1971, a bill which reduces the waiting period that a lender must wait before accepting a final and complete application for a reverse mortgage from 7 days to 3 days from the date of housing counseling.

**Other action items:**

Nominating Committee Report:

Dave Walsh automatically becomes President for 2021.

Otto Catrina elected President-elect for 2021.

Jennifer Branchini continues as Treasurer for 2021.

Joel Singer re-elected as Chief Executive Officer / State Treasurer for 2021.

C.A.R. allocate up to \$30 million from reserves to fund a statewide campaign to support a ballot measure for property tax portability with the title “Homeownership For Families and Tax Savings For Seniors” on the Nov 2020 ballot. Polling of potential voters right now shows 63% support.

Approved a new mission statement for the REALTOR® Action Fund as follows:

The mission of the committee is to raise funds for the REALTOR® Action Fund (RAF), to provide education, training and tools to local associations which will enable them to increase REALTOR® participation in political fundraising, education, and grassroots involvement as well as increase C.A.R.’s political and legislative effectiveness. Additionally, the committee may make recommendations for consideration in the usual planning process in the areas of member education, member mobilization, and other political activities.

**C.A.R. Report Only Items:**

Judy Covington will continue to serve as CREPAC Trustee through Nov 2021.

Doug Covill will continue to serve as IMPAC Trustee through Nov 2021

Leigh Rutledge was nominated for the position of non-voting 1<sup>st</sup> Alternate IMPAC Trustee. Election will occur at the Fall Meetings.

**Items discussed at C.A.R. meetings but not resulting in action items:**

SAR member Clay Sigg was recognized for having contributed a lifetime total of at least \$25,000 to the REALTOR® Action Fund.

Housing issues:

There are 21 bills pending related to investment housing. C.A.R. opposes 19 of them. Many will probably not move in this session which will focus only on bills related to COVID-19 or the budget. The most egregious of the bills is AB 828 which would give a court the power to reduce rents up to 25% if the court felt warranted

based on coronavirus impacts on the tenant. It appears dead unless amended. If it is amended watch for Red Alerts.

C.A.R. supports two bills in the investment housing area, AB 2888 regarding support animals and SB 521 regarding a tax credit to incentivize landlords to accept Section 8 type vouchers. Neither bill is likely to move this session.

C.A.R. also is sponsoring 12 bills in the homeownership area, supporting 12 others, opposing 3 and watching 2 but similarly most are not expected to move this session.

Standards forms:

Nine new forms created and released related to COVID-19. No more expected on that topic. Two new and twelve revised forms expected to be released in June. Watch for a discussion of those in our Broker Manager Forum.

C.A.R. Form RPA, originally scheduled to be revised Dec 2020 has been postponed until Dec 2021.

In Dec 2019 the TDS was revised to add a new line in Section 1, Line 1 entitled Coordination With Other Disclosure Forms which has two boxes. One must be checked or the transaction could be cancelled right up until close of escrow. A change to the form is likely in the near future.

Membership numbers are expected to drop 5% this year and more next year. The drops are mostly attributable not to current members dropping but to new members not joining the industry.

C.A.R. meetings may go from three live to two live and two virtual per year for greater efficiency at a lower cost to local associations. That move, if it happens, could save SAR about \$30,000 per year.

New disclosure laws coming regarding hardening in high fire risk areas. Watch for new disclosure forms coming in 2021.

Lenders will be allowed to sue for damages as a sold out junior lienholder even if the same lender as the first, except if the 1<sup>st</sup> and 2<sup>nd</sup> were put on from the same transaction.

E&O Carriers will deny coverage if the claim is the result of a licensee violating a Stay at Home order for the area where the claim arose. There are already at least two lawsuits pending that will not be covered by E&O.

C.A.R. published guidelines vary in some regards to the DRE regulations which were subsequently published. C.A.R. will work with them to modify the regulations and hopefully publish new Guidelines this week that will be fully compliant with DRE regulations.

C.A.R. PEAD provides great guidance and represents the standard of care in the industry. The state is requiring houses be posted with rules for entry. C.A.R. is revising the PEAD form to satisfy the requirements of the posted notice so the revised PEAD can be posted at the entry to the property to comply with regulations.

NAR has made it clear that violating a Stay at Home Order is not of itself a violation of the Code of Ethics. But there are risks of violating the Code of Ethics depending on how you act and respond to others. A review of Articles 1, 2, 3, 10, 12 and 16 would be appropriate. See the April REALTOR® Magazine for a complete article on the subject at [www.nar.realtor/law-and-ethics/feature/](http://www.nar.realtor/law-and-ethics/feature/).

Remember if you cross county lines you may have different rules. The rules where the property is located apply.

Forbearance of mortgage payments does not happen automatically. You must apply to the lender and determine how they will require any missed payments to be made up.

There are two Split Roll ballot propositions heading for the ballot in November. Both are polling quite badly. A lot can happen between now and then but if still on the ballot in the Fall C.A.R. will likely take an oppose position.