



January 2016

## C.A.R. Broker Involvement Quarterly Communication

Happy New Year! Thank you for your continued commitment to C.A.R.'s Broker Involvement Program, which makes a difference in legislation directly affecting your business. Please remember, when your help is needed, C.A.R. will contact you. All you need to do is send an email or voicemail to your agents directing them to look for a Red Alert email from C.A.R., or a Call-for-Action email from NAR, with specific instructions as to how they should respond. With your help, C.A.R. can send clear united messages to legislators on critical issues directly affecting your business.

### In 2015, C.A.R. successfully sponsored the following legislation that was signed by the Governor.

**AB 345 (Frazier) Continuing Education** - Under current law, real estate brokers and salespersons are required to complete 45 hours of CalBRE-approved continuing education in order to renew their licenses. AB 345 earmarks three hours of a broker's mandated continuing education for a course on the management and supervision of real estate licensed activity. The bill also permits salespersons to elect to take a course containing relevant information to assist them in understanding how to be effectively supervised by a responsible broker or branch manager.

**AB 607 (Dodd) Bonds for Non-Licensees** - The CalBRE's current regulations allow a non-licensee, with written authorization, to manage the broker's trust account if that non-licensee has fidelity bond coverage that is equal to the maximum amount of funds to which the non-licensee has access. This regulation is interpreted to mean that the bond must be a zero deductible bond, meaning that the insurers are responsible for the first dollar lost. REALTORS® have reported that bond companies will not sell bond coverage exceeding \$100,000 unless the bond contains a deductible, usually of 1-5 percent. This measure, among other things, allows bonds for non-licensees with access to broker trust funds to include a deductible of up to 5%.

**AB 807 (Stone) Private Transfer Fees** - Private Transfer Fees (PTFs) are fees imposed by an individual, developer, etc. that require a homebuyer and any subsequent purchaser to pay a fee upon the transfer of a home. In 2007, C.A.R. successfully sponsored AB 980, which requires disclosure of new and existing PTFs and requires PTFs to be recorded against the applicable property. However, new kinds of PTFs are now being used. This bill expands the current PTF recordation requirement to include PTFs whose payment does not occur upon a change in ownership or that are not based on sales price.

**SB 146 (Galgiani) Team Names** - In 2014, C.A.R. sponsored AB 2018 (Bocanegra) to remove ambiguity surrounding Fictitious Business Names (FBNs) by statutorily defining how salespersons, with their broker's permission, can use FBNs while also establishing clear standards for the use of "team names" that are not FBNs. This measure cleans up and clarifies that "team names" not requiring an FBN for purposes of the real estate law do not require the filing of an FBN with their local county.

**SB 474 (Wieckowski) Credit Bids** - In 2014, C.A.R. successfully sponsored AB 2039 (Muratsuchi) addressing auctions and real estate short sales. That legislation, among other things, prohibits companies from using "shill bids" (i.e., bids from non-bona fide purchasers used to drive up the price of the home being auctioned). A "credit bid" (i.e., the lender bidding amount of its note at the foreclosure sale) is exempt from the "shill bid" prohibition. SB 474 eliminates the unnecessary reference to "credit bid."

## **In the 2016 legislative session, C.A.R. is sponsoring the following legislation.**

**AB 237 (Daly) Parcel Tax Vote Notification** - Under current law, resident property owners receive notice of proposed parcel taxes with receipt of their ballot pamphlet while non-resident property owners do not receive any notice whatsoever. This bill will require a city, county or special district (e.g., hospital districts, etc.) to provide notice to ALL property owners, including non-resident property owners, within seven days of the vote, by the district's governing board, to place a proposed parcel tax on the ballot.

**AB 685 (Irwin) Real Estate Law Cleanup** - While current law permits the Bureau of Real Estate (CalBRE) to deny the renewal of a license to a licensee who has an unpaid fine, it is not clear that CalBRE can deny an application for a license based on an unpaid fine. This measure would, among other things, clarify that CalBRE can deny an application based on an unpaid fine, revoke an erroneously/mistakenly issued license, and add the filing of a criminal complaint to the list of actions licensees must report to CalBRE.

**AB 1545 (Irwin) State of California Housing Agency Act** - This bill establishes a state Housing Agency with a Governor's Cabinet-level Secretary of Housing to oversee all activities related to housing in the state. The Housing Agency would be comprised of state agencies that play a role in California's housing market promoting an integrated approach for California's housing needs.

**AB 1650 (Frazier) Uniform Advertising Standards** - Current law has created confusion about what identity information is required to be included on real estate advertising materials. Existing law varies greatly depending on the type of advertisement (i.e. "for sale" signs, print and electronic media, business cards, brochures, etc.) and the name being used by the licensee (i.e. given name, nickname, team name, etc.). This bill would require a licensee conducting advertising of any kind to also include their CalBRE license number and responsible broker's identity. Company "for sale," lease or rent signs would only be required to contain the responsible broker's identity. "Open house" and directional signs without a reference to agent name or branding would be exempt from this requirement. This bill includes a one-year delayed effective date for implementation.

**SB 378 (Beall) and SCA 9 (Beall) Property Taxation: Base Year Value Transfers** - Current law allows persons over the age of 55 to transfer the property tax base year value of their principle residence to a replacement home of equal or lesser value within the same county (Prop. 60) or another county if that county has opted into the program (Prop. 90). These C.A.R.-sponsored measures, commencing with the 2016-17 fiscal year, provide: 1) the base year value of a principle residence may be transferred to a replacement home of greater value; and, 2) the base year value of the replacement home to be calculated by adding the difference between the full cash value of the principle residence and the full cash value of the replacement home to the base year

value of the principle residence. SB 378 and SCA 9 have been approved by the state Governance and Finance Committee and will soon be considered by the Senate Appropriations Committee.

**Companion Animals** - Under federal law, housing providers must make a "reasonable accommodation" for a tenant's disability. "Reasonableness" of an accommodation is determined on a case-by-case basis and requires evidence of the disability that will be alleviated by the presence of an animal in order to waive a "no pets policy." Unlike service animals, companion animals are not individually trained to perform any specific task. Companion animals are not afforded the same protections under the ADA or California state law, causing confusion for housing providers. This bill will create clarity by defining in California law what constitutes a companion animal for purposes of rental housing.

**Disciplinary Action Notice: Reporting Time Limit** - Current law requires that a discipline notice against a licensee's name in the California Bureau of Real Estate's database be reported indefinitely, even if the licensee has been rehabilitated and the license penalty (i.e., suspension or restriction) has been removed. This bill will limit the time that a notice of disciplinary action is reported against a licensee's name when a search is made of the CalBRE database.

**Broker Associates** - While the terms "Broker" and "Real Estate Salesperson" have been defined in statute, "Broker Associate" is a term of art used in practice but not currently defined in law. This bill, among other things, will statutorily define "Broker Associates," and require "Broker Associates" to be searchable in the California Bureau of Real Estate's database.

**Parcel Tax Limits** - Under current law, parcel taxes can be collected forever. These bills, among other things, would require any current parcel tax with an indefinite duration to be reauthorized by the voters, and would require a limit on the number of years the parcel tax can be collected. These bills would also prohibit any proposed parcel tax from being collected indefinitely.

**Team Advertising Cleanup** - This bill corrects a drafting error in law that requires the listing of a company name and a responsible broker's license number on all "team" advertising. This bill would require one or the other to be listed, but not both.

**Landlord Protections** - This bill will clarify that environmental hazard booklet provisions applied to a seller of real property apply equally to a lessor of that property. Current law does not clearly apply the definitions provided in Civil Code Section 2079.13 to the article in which the definitions are presented.

**Federal Update:**

**H.R. 22 Transportation Bill - House Passes Transportation Bill Without G-fees:** President Obama signed H.R. 22, the Surface Transportation Reauthorization and Reform Act of 2015, which does NOT include an extension of the higher guarantee-fees set to expire in 2021. C.A.R. aggressively advocated and asked you to help defeat this provision in the bill. With the help of more than 31,000 California REALTORS® who contacted Congress to oppose this tax, we exceeded a 20% response rate to the Call-for-Action. Thank you very much for your support. This could not have been achieved without your help!

**NAR's Broker Involvement Program:** Your participation is also vital on the federal level! Click here to confirm your participation with NAR's Broker Involvement Program. <http://www.realtoractioncenter.com/realtors/brokers/enrollment.html>

**Join the Public Policy Forum Tuesday, January 26th at 3:30 p.m. Drones: How the Regulation of New Technology Could Affect Your Business** - The

Public Policy Forum will focus its discussion on drone use in California. A panel will address commercial and recreational drone use and state and federal reaction that may curtail the use of drones. Scheduled to participate in this moderated panel: Gus Calderon - Founder of Airspace Consulting; Stephanie Spear - Regulatory Policy Representative for Commercial Real Estate at the National Association of REALTORS®; Dean Griffith - Senior Attorney in the Regulations Division for the FAA Office of the Chief Counsel; Mark Burnz - Owner of Burnz EyeView; Josh Sharfman - C.A.R. Chief Technology Officer and Moderator. For questions related to this forum, please contact Jennifer Svec at 916-492-5200 or [jennifers@car.org](mailto:jennifers@car.org).

**Timely Information for Your Next Office Meeting:**

C.A.R. Government Affairs Field Representatives are available to attend your office meetings to provide a legislative update. For more information, please contact Lynn Movroydis at 949-218-0387 or [lynnm@car.org](mailto:lynnm@car.org).