CALIFORNIA ASSOCIATION OF REALTORS®

Minutes

www.car.org

June 3 – 6, 2009

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CALIFORNIA ASSOCIATION OF REALTORS® EXECUTIVE COMMITTEE
Hyatt Regency Hotel
Sacramento, California

CALL TO ORDER

The meeting was called to order by President James Liptak at 2:00 p.m. on June 3, 2009.

ATTENDANCE

Members Present: President James Liptak, President-Elect Steve Goddard, Treasurer Beth L. Peerce, Patricia Bouie Hinds, William E. Brown, David Cabot, Linda Carroll, Mary Funk, Michael Godfrey, James Myrick, Andy Nazaroff, Barbara Palmer, Leigh Rutledge, Emily Schwartz, Joel Singer (Ex-Officio), Rick Violett, Jeffrey Wright

Also Present: 2009 Regional Chairs, 2009 Committee Liaisons

Parliamentarian: Tim Hegstrom

Staff Present: Helen Parrino, Rick Shumacher

APPROVAL OF MINUTES

It was Moved, Seconded and CARRIED to approve the minutes of the January 21 - 24, 2009 meeting in Monterey, California.

REPORT OF THE PRESIDENT

President Liptak reported on several of the significant issues expected to be discussed in committees during the week, including progress being made by CALMLS, the REO Advisory Group, and a variety of state and federal issues. He also commented on the discussions taking place in committees regarding political fundraising and the Political Action Committees, and noted that Immediate Past President Bill Brown is planning to be a candidate for a future NAR Officer position. President Liptak made additional comments about the challenging market and economic climate.

REPORT OF THE PRESIDENT-ELECT

President-Elect Steve Goddard spoke about the committee selection process for 2010.

It was Moved by Steve Goddard, Seconded and CARRIED, that the Inland Valleys Association of REALTORS® be reassigned, per their request, from C.A.R. Region 14 to C.A.R. Region 23, beginning with the 2010 elective year.

Action of Directors: Approved

REPORT OF THE TREASURER

Treasurer Beth L. Peerce, Chair of the Strategic Planning and Finance Committee, reported on the state of the Association's finances

Strategic Planning and Finance

It was reported for information only that the Strategic Planning and Finance Committee had reviewed and approved a recommendation to approve one additional attorney for the Legal Hotline; the cost will be absorbed in the current budget.

See consent agenda, Attachment A, for additional Strategic Planning and Finance action items approved by the Directors.

REPORT OF THE EXECUTIVE VICE PRESIDENT/STATE SECRETARY

Executive Vice President and State Secretary Joel Singer reported on the progress of the Association's subsidiaries.

CONSENT AGENDA

It was Moved, Seconded and CARRIED to approve the Consent Agenda as presented.

See Consent Agenda Action Items – Attachment A

SPECIAL REPORTS

CALMLS
Mike Silvas, Chair

It was reported for information only that the CALMLS directors approved a tax and security contract as well as some other necessary contracts for launch. Fresno, Merced and Madera will launch in August followed by Lake County in September. It was announced that calREDD™ will be joining forces with CARETS as soon as the first installation is complete.

REO Advisory Group
Robert Bailey, Chair

It was reported for information only that the REO Advisory Group has focused on the characteristics of the troubled property market and "best practices" that could be recommended in connection with short sales and REO sales. The Advisory Group's recommended Best Practices are intended to become brief (one page or less) distributions to C.A.R. members and be melded into larger information and training materials for members.

<u>Proposed Best Practices in Short Sales</u>
- Agent must demonstrate to lenders real efforts to negotiate best (fair market) price on a short sale; they cannot be cavalier just because seller isn't realizing a profit.
- Selling agents must get their package to junior note holders and PMI carrier early in the process. No payments outside of escrow, especially to junior note holders; all monies must be reflected on HUD 1.
- Protect sellers by seeking a moving allowance from lender if justifiable.
- Agents must recommend Tax advice and Legal counsel, especially regarding debt forgiveness tax liability.
- C.A.R. should distribute the required documents "transaction template" prepared by Advisory Group members.
- C.A.R. should consider producing a checklist for borrowers of options to

consider when contemplating a short sale or loan modification.

Proposed Best Practices in REO Transactions
- REO advisory should cover choice of escrow issues; including implications of "seller choice," costs of out of area services and differences in the escrow's understanding of agent duties depending upon regional practice.
- C.A.R. should consider producing an advisory for tenants in an REO property, especially, but not only, for use in a "cash for keys" transaction.
-C.A.R. should list on our website all the known loan servicers signed up with the Hope for Homeowners program
- C.A.R. should work with DRE to ensure that short sale/REO training can be approved for risk management credit.
- MLS providers should review rules regarding the ability to "net commissions" or "commissions less concessions" in private remarks sections. Also, review whether remarks should be able to contain a link to another site for forms or contact information for a required loan agent. MLS should also consider property status reporting including "sale pending; subject to lender approval"
- C.A.R. should review the REO addendum in light of new federal law, and consider a check box that allows backup offers only; and a check box for sellers to acknowledge tax impact possibility (and the need for legal advice).

Additional Recommendations
- C.A.R. should continue to reach out to individual major lender / servicers on standardized practices for short offers and REO sales.
- MLS status reporting needs to deal with "sale pending; subject to lender approval"

COMMITTEE REPORTS

Common Interest Development
Mike Riley, Chair

It was Moved, Seconded and CARRIED, that C.A.R. “OPPOSE” AB 899 (Torres), pertaining to CID disclosure requirements.

Action of Directors: Approved

It was Moved, Seconded and CARRIED, that the California Association of REALTORS® “SPONSOR” legislation in 2010 providing that a governing document shall not be adopted or amended to prohibit the rental or lease of a separate interest in a common interest development unless the provision that imposes the prohibition is enacted, pursuant to a written ballot, by a vote of the owners of separate interests in the common interest development (CID) and is approved by not less than 2/3 of such owners.

Action of Directors: Approved

It was reported for information only that the Common Interest Development Committee requests that the Standard Forms Advisory Committee consider developing a property management agreement for HOA management.

CREPAC Trustees
Judy Zeigler, Chair

It was reported for information only that, per the CREPAC Bylaws, the following slate is duly noticed for approval in October 2009. Trustees serve for a three-year term. Alternates may be selected to fill the remainder of a vacant term during the year.

NOMINEES FOR CREPAC TRUSTEE
(November 2009- November 2012)

Dennis Mason, Region 2
Jared Martin, Region 12
Irma Vargas, Region 17
Mary Funk, Region 18
Nancy Gilmore, Region 23

NOMINEES FOR CREPAC ALTERNATE
(November 2009 - November 2010)

Leigh Rutledge, Region 3
Steve Reiser, Region 5
Gene Lentz, Region 9
Carol Facciponti, Region 16
Greg Pawlik, Region 17
Greg Haas, Region 19
Mark Marchand, Region 30
James Irving, Region 31
Cas Pinkowski, Region 32

It was reported for information only that proposed bylaws amendments to the CREPAC bylaws are duly noticed to be voted on by the directors at its upcoming October 2009 directors' meetings in San Jose. This change is to clarify the rules in the CREPAC Bylaws relating to members of the Nominating Committee of CREPAC, namely that the "two C.A.R. REALTOR® or REALTOR-ASSOCIATE® members" who are appointed by the Chairman of CREPAC to the Nominating Committee shall not be current Trustees of CREPAC.

The full text of the proposed bylaws changes for CREPAC are underlined as shown below:

Proposed Changes CREPAC

Proposed Amendments to the CALIFORNIA REAL ESTATE POLITICAL ACTION COMMITTEE (CREPAC) BYLAWS

ARTICLE V - BOARD OF TRUSTEES

Section 3. Nominating Committee and Nominations.

3.1 Composition of the Nominating Committee. The Nominating Committee of five persons shall be comprised of the current Chairman, who shall also chair

the Nominating Committee, the C.A.R. President, one additional Trustee and two C.A.R. REALTOR® or REALTOR-ASSOCIATE® members, who are not Trustees, appointed by the Chairman of CREPAC. All members of the Nominating Committee must be C.A.R. REALTOR® or REALTOR-ASSOCIATE® members who contribute at least the minimum suggested amount to all designated C.A.R. sponsored fundraising programs. No Trustee seeking election as a Trustee shall serve on the Nominating Committee or shall vote to select persons to be on the Nominating Committee. If the Chair is seeking election as a Trustee, then the appointments to the Nominating Committee, including the Nominating Committee Chair, shall be selected by a majority of the remaining voting Trustees not seeking election.

It was reported for information only that the CREPAC Trustees transferred $790,000 to National RPAC, for a total "Fair Share" 2009 contribution of $790,000 and $46,000 was funded from RPAC to the California Congressional delegation.

It was reported for information only that CREPAC contributed $455,043 to bi-partisan candidates for the Assembly and Senate, as well as to the Democratic and Republican Parties.

Equal Opportunity-Cultural Diversity
Cathlyne Scharetg, Chair

It was reported for information only that the Equal Opportunity - Cultural Diversity Committee supports C.A.R.'s existing policy to "OPPOSE UNLESS AMENDED" AB 985 (De La Torre) to replace the existing Point-of-Sale provision with an electronic screening approach based upon the existing social security number removal law. The legislation will be funded by a $1-$2 per page charge, not to exceed $10, on recorded documents on an ongoing basis.

Housing Opportunity
Steve White, Chair

It was Moved, Seconded and CARRIED, that C.A.R. amend its sponsored bill, SB 206, to only include REO property for all purchasers utilizing the property as a principal residence.

Action of Directors: Approved

IMPAC Trustees
Jim Irving, Chair

It was reported for information only that, per the IMPAC Bylaws, the following slate is duly noticed for approval in October 2009. Trustees serve for a three-year term. Alternates may be selected to fill the remainder of a vacant term during the year.

NOMINEES FOR IMPAC TRUSTEE
(November 2009- November 2012)

Cynthia Wood, Region 4
Leannah Hunt, Region 9
Les Fishman, Region 21
Michael Mercurio, Region 24
Nancy Hunt, Region 32

NOMINEES FOR IMPAC ALTERNATE
(November 2009 - November 2010)

Anita Thede, Region 6
Lisa Muetterties, Region 7
Sandra Haney, Region 10
Lynn Heintz, Region 12
Patricia Douglas, Region 17
Carl San Miguel, Region 19
Erik Weichelt, Region 24

It was reported for information only that proposed bylaws amendments to the IMPAC bylaws are duly noticed to be voted on by the directors at its upcoming October 2009 directors' meetings in San Jose. This change is to clarify the rules in the IMPAC Bylaws relating to members of the Nominating Committee of IMPAC, namely that the "two C.A.R. REALTOR® or REALTOR-ASSOCIATE® members" who are appointed by the Chairman of IMPAC to the Nominating Committee shall not be current Trustees of IMPAC.

The full text of the proposed bylaws changes for IMPAC are underlined as shown below.

Proposed Amendments to the ISSUES MOBILIZATION POLITICAL ACTION COMMITTEE (IMPAC) BYLAWS

ARTICLE V - BOARD OF TRUSTEES

Section 3. Nominating Committee and Nominations.

3.1 Composition of the Nominating Committee. The Nominating Committee of five persons shall be comprised of the current Chairman, who shall also chair the Nominating Committee, the C.A.R. President, one additional Trustee and two C.A.R. REALTOR® or REALTOR-ASSOCIATE® members<u>, who are not Trustees,</u> appointed by the Chairman of IMPAC. All members of the Nominating Committee must be C.A.R. REALTOR® or REALTOR-ASSOCIATE® members who contribute at least the minimum suggested amount to all designated C.A.R. sponsored fundraising programs. No Trustee seeking election as a Trustee shall serve on the Nominating Committee or shall vote to select persons to be on the Nominating Committee. If the Chair is seeking election as a Trustee, then the appointments to the Nominating Committee, including the Nominating Committee Chair, shall be selected by a majority of the remaining voting Trustees not seeking election.

3. It was reported for information only that IMPAC has made the following contributions.

--Yolo County AOR: Up to $16,500 to match local contributions for hiring a contract lobbyist to oppose a local Point-of-Sale energy audit mandate.
--North Bay AOR: $10,000 for a study on the effects of a Point-of-Sale ordinance on a community.
--California Community Renewal Program: $10,000 for a "Gold Sponsorship" of a statewide summit that encourages home ownership.
--California Natural Resources Group: $20,000 to continue its action plan to reform the federal Endangered Species Act and defend against the regulatory

or legislative actions to expand the Act and the federal Clean Water Act.
--California Building Industry Association: $25,000 to assist a coalition lead by the California Building Industry Association to advocate for a reasonable general permit regulating storm water runoff from construction activities.
--California Desert Association of REALTORS®: $2,800 to cover the costs for office equipment, stationery and communication devices for a new GAD position.

Legal Action Fund Trustees
Michael Ferlisi, Chair

It was reported for information only that since the January 2009 meeting, the trustees approved an amicus brief on one case:

Wesbey v. Toll

This case involved a buyer in a new subdivision. Although it was disclosed, the public report indicated that there was an easement that is used to provide access to several lots in the subdivision to be owned by the home owner's association. Without amending the public report or notifying DRE, the developer conveyed the land to an individual lot owner but still kept the easement rights for access. This left the responsibility for upkeep on an individual, not the HOA. The brief was authorized on the limited issue of whether current regulations governing material changes in pubic reports of a subdivision includes the deletion of common area as a potential material change even though it is not specifically listed.

Legislative
Heath Hilgenberg, Chair

It was Moved, Seconded and CARRIED, that C.A.R. "SPONSOR" legislation to expand borrowers' anti-deficiency protections to cover refinanced purchase monies, and "recourse" junior notes created as part of a purchase, or loans which increase the basis of the property.

Action of Directors: Approved

Membership
John Torres, Chair

See Consent Agenda (Attachment A) for an action item from the Membership Committee.

MLS/Computer and Business Technology Committee
David Barca, Chair

It was Moved, Seconded and CARRIED, that C.A.R. petition NAR to modify its "Standards of Conduct" in order to allow MLSs the ability to impose a Code of Ethics, Article 11 competency requirement on MLS Participants in the MLS Rules.

Action of Directors: Approved

Nominating
Vince Malta, Chair

It was Moved, Seconded and CARRIED, that the following be designated to serve as State Allocated NAR Directors for a three year term ending November 2012 and as Alternates for the 2010 elective year.

Diana Bull, Santa Barbara
Don Faught, Bay East
Wendy Furth, Southland Regional
Heath Hilgenberg, California Desert
Bob Kulick, Santa Clara County
James J. Liptak, Paso Robles

Ted Loring, Humboldt County
Andy Nazaroff, Fresno
Gary Thomas, Orange County
Jeannette Way, Northern Solano

Alternates (priority order)
Sharon Bowler, Citrus Valley
Steve Rosco, Pacific West
Debra Howard, South Tahoe
Leslie Munger, California Desert
Susan Tilling, Silicon Valley
Erik Weichelt, San Diego
Richard H. Stone, Arcadia
Mary Jane Cambria, Orange County

It was reported for information only that the following individuals have been nominated as Directors For Life:

Allen Chiang, Rancho Southeast
Jeanne Garde, San Mateo
Susan Tilling, Silicon Valley

Action of Directors: The nominees were elected

It was reported for information only that Joel Singer has been nominated as Executive Vice President/State Secretary for the year 2010.

Action of Directors: The nominee was elected

It was reported for information only that Don Faught has been nominated as Treasurer for the years 2010 - 2011.

Action of Directors: The nominees were elected

It was reported for information only that Beth L. Peerce has been nominated as President-Elect for the year 2010.

Action of Directors: The nominees were elected

It was reported for information only that 2009 President-Elect Steve Goddard would automatically become 2010 President.

Political Affairs
John Cribb, Chair

It was reported for information only that C.A.R. will explore the feasibility, both legally and politically, of alternative methods to collect political investments.

Standard Forms Advisory
Ken Neufeld, Chair

It was reported for information only that the Standard Forms Advisory Committee (SFAC) received reports from 14 Regional Representatives. Many of the comments were regarding the Residential Purchase Agreement (RPA) and the Residential Listing Agreement (RLA). A report was submitted on behalf of the Property Management Committee to the SFAC. The SFAC recommends the creation of a Property Management study group to consider

these comments and others. The SFAC also reviewed the recently revised forms and will consider some minor and substantive changes for review at their October business meeting. A discussion was held on the RLA regarding the protection language. There were eight regions reporting on this issue. It was noted that five regions wanted to leave the form unchanged, one region was evenly divided on the matter and two regions wanted to limit the protection to offers that had been presented in the last 30 days. The SFAC decided to leave the form unchanged. The RPA Study Group completed their first draft of the RPA which the SFAC presented at the SFAC Forum on Forms. In response to the Forum on Forms, 25 comments were received which will be referred back to the RPA Study Group. There was significant discussion on the first draft of the proposed revision to the RPA by the SFAC. The SFAC comments will be referred back to the RPA Study Group as well. Finally, the SFAC reviewed 22 of the 125 general comments received. The balance of the comments will be reviewed on an upcoming conference call.

Strategic Planning and Finance
Beth L. Peerce, Chair

See Treasurer's Report and the Consent Agenda (Attachment A) for action items and reports from the Strategic Planning and Finance Committee.

Taxation
Cynthia Carley, Chair

It was reported for information only that C.A.R. "SUPPORT" maintaining the penalty on early withdrawal from one's 401(k) plan.

ADJOURNMENT

There being no further business, the meeting was adjourned at 7:50 a.m. on June 6, 2009.

ATTACHMENT A – CONSENT AGENDA

1. That the following applicants be granted C.A.R. Honorary Member-for-Life status:

CONSENT AGENDA

Membership

Beverly Hills/Greater LA AOR
Grace Feld
Joy Hudson
Chang D Ju
Parveen Knighton
Barbara MacDonald
Mary Ann Musico
Lamonta Pierson
Howard Schreiber
Florence Shaen
Elsie Wynn

California Desert AOR
Doris Chasen
Marcella Steinkuhler

Citrus Valley AOR
Thomas Krafft

Contra Costa AOR
Barbara Bailey
Richard Call
Gilberte Causing
Richard Clancy
James Copeland
Dick Cosca
Diane Ham
Walter Hanson
Terry Macken
MaryAnn Patison
Valerie Reschke
Eugene Ross
Ellie Rowe
Anne Marie Sefranka
George Vujnovich
Clark Wallace
Nancy Walton
Gloria Young

Desert Communities AOR
Larry Briggs
Eleanor Loomis

Downey AOR
Donald Kay
Jan Molinaro

El Dorado County AOR
Lucy Barnes
Colette Combs

Fresno AOR
Opal Nichols
Les Reid

Greater Antelope Valley AOR
Gene Autry

Hemet-San Jacinto BOR
Ann Grainger

Inland Valleys AOR
Marc Verdonck

Mariposa County BOR
Shirley Felix

Newport Beach AOR
Bing Girling
Phyllis Hayden

North San Diego County AOR
Clyde Carlisle

Orange County AOR
Sarah Belding
Jackie Groendycke
Evelyn Hayden
Leonard Lawicki
Pacific West AOR
Myra Berman
Evie Keller
Henry Marquez
Maggie Ryan
John Theaker

Palos Verdes Peninsula AOR
Betty Coull

Paradise AOR
Donna Dixon

Pasadena-Foothills AOR
Frank Haltom
Jeannette Muirhead

San Luis Obispo AOR

Nancy Sarullo

Santa Clara County AOR
Gene Alberts
Tina Frediani
Philip Nisonger
Douglas Snyder
Khalid Tereza

Scenic Coast AOR
Patricia Frawley

Southland Regional AOR
James Higashida
Norene Kurnik
Albert Reyna
Edward Zeier

Ventura County Coastal AOR
Fred Short

West San Gabriel Valley AOR
Donilia Nunez

2. That the audited Statement of Operating Income and Expenses by program for the twelve months ending December 31, 2008 be approved.

CONSENT AGENDA

Strategic Planning and Finance

Total C.A.R.
Revenue of $28,659,300
Expenses of $24,690,700
An excess of operating income over expenses of $3,968,600

Political Activities Fund
An excess of income over expenses of $1,711,000

Issues Action Fund
An excess of income over expenses of $989,500
This amount will be allocated to IMPAC as approved by the Directors.

The C.A.R. Balance Sheet as of December 31, 2008
Total assets of $55,597,700 (of which $36,810,400 are current assets)
Total liabilities of $3,454,100 (of which $3,063,600 are current liabilities)
C.A.R. Fund Balance of $52,143,600

3. That the Statement of Operating Income and Expenses by program for the three months ending March 31, 2009 be approved.

CONSENT AGENDA

Strategic Planning and Finance

Total C.A.R.
Revenue of $18,421,100
Expenses of $ 5,418,300
An excess of operating income over expenses of $13,002,800

Political Activities Fund
An excess of income over expenses of
$2,711,400

Issues Action Fund
An excess of income over expenses of $1,197,300

The C.A.R. Balance Sheet as of March 31, 2009
Total assets of $71,250,400 (of which $52,731,400 are current assets)
Total liabilities of $5,965,400 (of which $5,876,500 are current liabilities)
C.A.R. Fund Balance of $65,285,000

CONSENT AGENDA

Strategic Planning and Finance

4. That the Projected Statement of Operating Income and Expenses by program for the year ending December 31, 2009 be approved.

Total C.A.R.
Revenue of $26,662,700
Expenses of $26,114,800
An excess of operating income over expenses of $548,100

Political Activities Fund
An excess of income over expenses of $2,063,700

Issues Action Fund
An excess of income over expenses of $579,600. This amount will be allocated to IMPAC as approved by the Directors.