



CALIFORNIA ASSOCIATION OF REALTORS®

LEGISLATIVE PROGRAM 2009 - 2010

May 25, 2010

In the 2009-2010 legislative session, C.A.R. will pursue a primarily defensive legislative posture, while pursuing select sponsored bills, preserving resources to defend against legislation threatening the real estate industry. In addition to sponsored bills, C.A.R. will pursue "targets of opportunity" or amendments to protect and promote the ability of REALTOR'S® to do business and to advance C.A.R. policy goals in proposed legislation. These "targets of opportunity," include amendments to legislation of others to advance C.A.R. policy; for example environmental issues must not impair the rights of property owners; tenants' rights legislation needs to include recognition of property owners' rights; risk management gains of recent years are preserved; and unreasonable burdens on the real estate transaction and housing are avoided.

Legislative Program: Volume 1; is dedicated to currently active bills.

Legislative Program: Volume 2; is dedicated to enacted legislation and bills that have ceased to move forward in the legislative process.

** Please see the final page of the Legislative Program for a comprehensive explanation of C.A.R.'s policy positions taken on legislation discussed in this document.

Legislative Program: Volume 1

C.A.R. SPONSORED LEGISLATION 2009- 2010

AB 1762 (Hayashi) Advance Fee Clarification - In 2009, SB 94 (Calderon) was signed into law to prohibit "cash up front" loan modification contracts. C.A.R. negotiated amendments with the author and DRE to clarify the definition of an advance fee in other sorts of transactions and to ensure licensees' ability to engage in a fee for service contract (e.g. a listing agreement). Even with those amendments, the current statute is confusing. C.A.R. is sponsoring AB 1762 to clarify the current "advance fee" statute (SB 94) in order to make very clear that fee for service contracts do not trigger the advance fee requirements.

Status: Senate Banking, Finance and Insurance Committee

AB 1796 (Hall) Increasing AMC Regulatory Oversight - Appraisal Management Companies (AMCs) have grown enormously over the last few years, driven primarily by the Home Valuation Code of Conduct adopted by Fannie Mae and Freddie Mac. In 2009, C.A.R. supported SB 237 (Calderon), which was signed into law and subjects AMCs to registration and review by the Office of Real Estate Appraisers (OREA). C.A.R. sponsored AB 1796 to clarify and enhance OREAs oversight of Appraisal Management Companies, specifically in connection with conflicts of interest, "out of area" appraisers, timeliness and accuracy of work product and to ensure compliance with other requirements of law applicable to licensed appraisers. While this bill was held in committee, the chair of the Assembly Business and Professions Committee has committed to an interim hearing on appraisals and AMC's.

Status: Held in Assembly Business, Professions and Consumer Protection Committee

AB 1927 (Knight) Owner's Right to Rent in a CID - Over the last few years, C.A.R. members noticed a trend among some homeowner associations to adopt restrictions that limit the ability of unit owners to rent their dwellings in common interest developments (CID's). In 2008 C.A.R. sponsored AB 2259 (Mullin) to address this issue. The bill passed the legislature, almost unanimously, but was vetoed by the Governor. The Governor's veto message stated that owners of a unit in a CID agreed when they purchased their unit, to abide by the rules of the HOA and understood that any decision to change those rules would be governed by the HOA voting process. C.A.R. is sponsoring AB 1927 to re-address this right-to-rent issue by addressing the concerns raised by the Governor in his AB 2259 veto message. AB 1927 requires a two-thirds of the unit owners in a CID to approve, by written ballot, any amendment of the governing documents that would prohibit owners from renting or leasing their unit. Governance provisions with different written ballot voting requirements in place as of AB 1927's date of introduction (2-17-2010) would be "grandfathered" by this legislation.

Status: Senate Transportation and Housing Committee

SB 206 (Dutton) REO Homebuyer Tax Credit - C.A.R. is sponsoring SB 206, which as introduced, would have, like federal law, created a first-time homebuyer's tax credit equal to 10% of the sale price of a home (not to exceed \$8,000) for homes purchased as the principal residence of the taxpayer. Due to the state's fiscal crisis, C.A.R.'s Board of Directors at its June 2009 meeting decided to limit this proposed tax credit to REO properties purchased as a principal residence by homebuyers whose individual income does not exceed \$95,000, and married couples whose combined income does not exceed \$170,000. The bill will be effective for one year from the date of its enactment. SB 206 was amended to utilize a funding source from federal stimulus funds instead of the state general fund. Unfortunately, this source proved to be unavailable for tax credit purposes. Efforts are continuing to locate a funding source for this tax credit that does not burden the state's general fund during these tight fiscal times.

Status: Senate Revenue and Taxation Committee

SB 1000 (Correa) Portable Appraisals - Current law permits, but does not require, lenders to utilize current appraisals ordered by a different lender. C.A.R. is sponsoring SB 1000 which will enact FHA rules that require lenders to accept a "portable" appraisal, with specified limitations to all transactions, at the request of the borrower. Put simply, if an appraisal is ordered and prepared for one lender on a particular property, the second lender would be required to accept that appraisal to support a mortgage even though the lender did not order that appraisal, provided that the appraisal is in compliance with the Uniform Standards of Professional Appraisal Practices and does not contain any other material deficiencies. While this bill was held in committee, the chair of the Assembly Business and Professions Committee has committed to an interim hearing on appraisals and AMC's.

Status: Held in Senate Banking, Finance and Insurance Committee

SB 1123 (Negrete McLeod) Expansion of DRE "Poison Pill" to Special Fund Transfers - During the 1990's the Governor and Legislature raided DRE reserve funds to help balance the budget's general fund during budget crises. In response, C.A.R. sponsored legislation to create a two part "poison pill" that would roll back licensee fees to 1982 levels if DRE funds were again raided and/or borrowed by the general fund or if DRE reserves exceed 18 months. As a part of the 2009 budget bill, the legislature loaned \$500,000 from the DRE operating reserve to the Department of Justice to start up a new foreclosure consultant registration program. This loan did not trigger the so-called "poison pill" statute and roll back license fees because the recipient was a special fund agency and not the state's general fund. C.A.R. is sponsoring SB 1123 to prevent DRE reserve fund transfers ("loans") to other special fund agencies. According to the finance analysis the bill has a \$2 million price tag dooming its passage this session.

Status: Senate Appropriations Committee

SB 1178 (Corbett) Anti-Deficiency Protections - Anti-Deficiency rules protect a borrower from personal liability on a purchase money mortgage which goes into default and eventually foreclosure. Due in part to lower interest rates, many purchase money mortgages have been refinanced and have lost their characterization as "purchase money" because of the refinance. Furthermore, homeowners were not informed by their lender that when they refinanced they lost their legal protections and may be personally liable for the difference between the value of the foreclosed property and the amount owed to the lender. C.A.R. is sponsoring SB 1178 to extend borrowers' anti-deficiency protections to cover the refinance of purchase money mortgages which would include a cash out refinance to the extent that homeowners can prove that the money was used to substantially improve the property. (see also, SB 931 and SB 401)

Status: Senate Floor

SB 1427 (Price) Local Property Maintenance Ordinances - C.A.R. sponsored, SB 1427 will provide an REO owner notice of a violation of an abandoned property ordinance and opportunity to repair before fines for the violation can attach. SB 1427 requires that the cost of nuisance abatement measures taken by cities be limited to what is actual and reasonable. The measure also requires cities to adopt a schedule of these costs so that property owners will know how much it will cost them if they do not make the repairs themselves. The California League of Cities is opposed to the bill.

Status: Senate Floor

BILLS OF INTEREST:

Volume 1: Transactional Issues – Broker Practice & Risk Management

AB 34 (Nava) Mortgage Loan Originators - see SB 36 (Calderon) on page 17.

Position: Watch File

Status: Senate Floor

AB 350 (Lieu) Debt payment services - This bill is designed to create a new license and regulatory scheme for debt settlement services that manage the repayment schedules of troubled borrowers beginning January 1, 2012. AB 350 could have applied to REALTORS® and required an additional "debt settlement services provider" license if the licensee negotiated a new payment schedule with the borrowers existing lender. Conversely, the bill does not require a broker to obtain a new license if they negotiated a new loan or refinanced the original note with a different lender. C.A.R. opposed AB 350 until it was amended to exempt a real estate licensee operating within the scope of his or her license - such as a DRE licensed mortgage broker. Recent amendments to AB 350 have created some ambiguity, and C.A.R. is seeking amendments to clarify that real estate licensees are exempt from the requirements in the bill.

Position: Amend

Status: Senate Judiciary Committee

AB 919 (Nava) Mortgage Information and Recordation - AB 919 would have voided any residential real property transaction that did not include a rider that identified the name and license number of the appraiser, lender, loan originator, and real estate broker involved in the transaction. C.A.R. opposed AB 919 because it would have invalidated transactions with technical non-essential document defects, increased administrative burdens and created unnecessary delays in a transaction. In light of opposition, AB 919 was amended to prohibit county recorders from recording a deed of trust without a rider that includes the name and license number of the appraiser, lender, loan originator, and real estate broker involved in the transaction. C.A.R. continues to oppose AB 919 because it imposes unworkable requirements on

real estate transactions and creates new liability for licensees. The author has recently informed C.A.R. that he intends to “gut and amend” AB 919 to address an unrelated topic. Once the amendments are in print C.A.R. will no longer oppose AB 919.

Position: Oppose

Status: Senate Banking, Finance and Insurance Committee

AB 1639 (Nava, Bass and Lieu) Mediated Mortgage Workout Program (MMW) – Existing law requires a mortgage holder to record a Notice of Default and mail a copy of the notice to the mortgagor in order to begin the foreclosure process. AB 1639 would require a lender, on deeds of trust recorded between January 1, 2003 and December 31, 2007, to invite the borrower to the Mediated Mortgage Workout Program when the notice of default is sent to the borrower. The borrower will have 30 days from the receipt of the notice to complete and return the election form either by mail, online, by email or by telephone. If the borrower applies for the Mediated Mortgage Workout Program the lender must cease all foreclosure proceedings until either a mortgage solution is reached or the borrower is determined to not qualify for the program. C.A.R. opposes AB 1639 because it restricts mortgage availability by creating unreasonable delays in the foreclosure process.

Position: Oppose

Status: Assembly Appropriations Committee

AB 1720 (Galgiani) Buyer’s Choice Act - The Buyer’s Choice Act, enacted last year, currently prohibits an REO seller from requiring a buyer to purchase title insurance or escrow services from a particular title company as a condition of the sale. AB 1720 would further clarify the Buyer’s Choice Act by requiring the REO seller to provide the buyer with a standardized form which states the buyer’s right to choose an escrow or title company. The bill will also clarify that sellers can not make the selection of a title company a condition of the sale.

Position: Amend

Status: Senate Judiciary Committee

AB 2038 (Eng) License Revocation – Beginning January 1, 2012, AB 2038 would require the Departments of Real Estate, Consumer Affairs and Insurance along with the Attorney General, State Bar and any other state licensing entity to deny, revoke or suspend a persons license if they appear on the Franchise Tax Board’s (FTB) certified list of persons failing to pay income taxes. Licensing entities would be permitted to issue a 90 day temporary license pending a release from FTB that the licensee has either entered into an installment plan or paid the delinquent taxes in full. Additionally, if a notice of a state tax lien has been recorded, and the licensing entity has failed to suspend the individual’s license, FTB would be given a superseding authority to suspend the individual’s license. AB 2038 would require FTB to provide a notice of the suspension to both the licensee and the licensing entity. This bill would sunset January 1, 2016.

Position: Pending C.A.R. Taxation and Government Finance Committee Consideration

Status: Assembly Appropriations Committee

AB 2678 (Fuentes) Notice of Sale – Existing law requires a mortgage holder to publish a notice of sale prior to a foreclosure sale. C.A.R. supports AB 2678 because it prohibits a mortgage holder from giving a notice of sale and foreclosing while the mortgagor is in negotiations for a loan modification.

Position: Support

Status: Died in Assembly Banking and Finance Committee

AB 2727 (Bradford) Criminal History - AB 2727 would prohibit a public agency, private individual or corporation from denying an application for employment based upon previous criminal offenses, unless the employer determines that there was a direct relationship between

the criminal offense and employment sought, or that the individual posed an unreasonable risk to property or the safety and welfare of others. The Department of Real Estate already requires pre-license background checks and the Real Estate Commissioner can suspend, revoke or deny the issuance of a real estate license to a person who is convicted of a felony or a crime involving moral turpitude. C.A.R. opposes AB 2727 unless it is amended to include a safe harbor for real estate licensees that rely on the DRE license in making hiring decisions. In discussions with the author's office, they have indicated that he is amenable to C.A.R.'s proposed amendment.

Position: Oppose Unless Amended

Status: Assembly Appropriations Committee

SB 183 (Lowenthal) Carbon Monoxide Detectors - As introduced, SB 183 would have required the recording of a separate disclosure of compliance, a point-of-sale mandate forcing home sellers and their agents to certify carbon monoxide (CO) alarm installation. C.A.R. achieved amendments removing the point-of-sale mandate and consolidated relating existing disclosure forms. As amended, the bill provides for a statewide, "date-certain" rule that requires ALL existing single-family homes to install a CO detector by July 1, 2011, and all other dwelling units (i.e. multifamily, new homes, etc.) to do so by January 1, 2013. C.A.R. amendments also add CO detectors disclosure to the TDS, via a new check-off and a footnote. The additional TDS footnote provides a necessary safeharbor to sellers and their agents by explaining that the CO detector is not a precondition of sale and may not be in compliance with the safety standards. This safeharbor is similar to how the auto-reversing garage door opener requirement is handled in the current TDS form. C.A.R.'s amendments also eliminated the existing law's requirement for a separate form to certify compliance with water heater strapping and smoke detector requirements by bringing the certifications into the TDS.

Position: Watch as Amended

Status: Signed by the Governor on May 7, 2010 (Chapter 19, Statutes of 2010)

SB 392 (Florez) Limited Liability Companies - Current law permits the issuance of a contractor's license to individual owners, co-partnerships, corporations and joint ventures. This bill would also authorize the issuance of a contractor's license to a limited liability company (LLC). These LLCs would be required to carry a \$100,000 surety bond or \$500,000 in a trust or escrow account. C.A.R. would have supported SB 392 if it had been amended to include real estate companies. Many real estate companies operate as a corporation which limits their exposure to civil liability but results in a double taxation of its proceeds; operating under an LLC would limit that tax exposure.

Position: Watch as Amended

Status: Assembly Judiciary Committee

SB 660 (Wolk) Reverse Mortgages - see AB 329 (Feuer) on page 16.

Position: Watch as Amended

Status: Senate Floor

SB 931 (Ducheny) Deficiency Judgments- Existing law allows the holder of a mortgage to demand the right to a "deficiency" for the balance due on a note as part of the lender's negotiations in connection with a short sale. SB 931 would prohibit a deficiency on a first mortgage note secured by real property when the property is sold in a "short sale." This legislation would pertain only to a first mortgage on a property and would provide that written consent to a "short sale" would require the first lien holder to accept the payment agreed upon for the sale as full payment for any additional indebtedness. The bill was amended to exempt junior noteholders from the new rule. (see also, C.A.R. Sponsored SB 1178)

Position: Favor

Status: Assembly Floor

SB 1223 (Calderon) Escrow Deposits Foreclosure Auctions – “Reserve” auctions are often used to sell foreclosed properties and allow REO sellers to set an unpublished reserve price. If a property is sold below the “reserve” an auctioneer will announce that the sale is subject to the seller’s approval and the seller may reject the sale. If a sale is rejected, current law requires both the seller and buyer to authorize the release of a deposit. SB 1223 seeks to ensure the timely return for refundable deposits by allowing auction companies to act as the seller’s agent, rather than waiting for authorization from the bank. The bill further requires escrow agents to return all deposits and fees to a bidder once an auction company submits escrow instructions that order the return of the deposits for a rejected bid. Amendments clarify that the bill only pertains to properties that are subject to a foreclosure sale.

Position: Watch as Amended

Status: Assembly Banking and Finance Committee

Volume 1: Housing & Property Management

AB 331 (Hall) Single Family Home Tenants - AB 331 would require property owners and landlords, prior to the execution of a rental agreement for a one to four unit dwelling, to disclose to a prospective tenant if the property is subject to an outstanding Notice of Default (NOD), or any pending foreclosure, declaration of forfeiture, or proceeding to foreclose a tax lien. C.A.R. supports AB 331 because it will assist potential tenants in making an informed decision about whether to rent the property in question.

Position: Support

Status: Senate Judiciary Committee

AB 761 (Calderon) Mobile Home Park Vacancy De-Control - California has had vacancy decontrol for apartments since 1995 under the Costa-Hawkins Rental Housing Act, which C.A.R. successfully co-sponsored. As introduced, AB 761 proposed to create a "Costa-Hawkins-Type Vacancy De-Control" for mobile home parks and manufactured housing communities. As with apartment vacancy decontrol, this bill did not prohibit rent control nor did it raise rents for existing tenants beyond that permitted by a local ordinance; it only permitted an owner of a mobilehome park to raise space rent to market rates for a new resident when the space or mobilehome unit was voluntarily vacated. As amended, AB 761 would instead permit mobilehome park owners to raise space rent for new residents by a minimum of \$100 or 20% of the previous tenant’s rent, whichever is greater. Owners would also be prohibited from increasing space rent more than once within a 36 month period, regardless of a change in tenancy. C.A.R. supports AB 761 because vacancy decontrol reforms remove some of the negative impacts caused by rent control which include discouraging investment in, and construction of, new manufactured housing communities.

Position: Support

Status: Senate Judiciary Committee

AB 1263 (Strickland) Revisions to Service of Process Requirements for Unlawful Detainer Actions - This bill proposes to revise the process for serving an unlawful detainer notice. Current law requires that service of an unlawful detainer be made at the tenant's place of residence or usual place of business. AB 1263 would delete that provision, and instead require that service be made by delivering a copy of the notice to the tenant at the property. If the tenant is absent from the property, AB 1263 would permit the notice to be served by both affixing a copy of the notice in a conspicuous place on the property and mailing a copy to the tenant. C.A.R. supported AB 1263 because it would have made the unlawful detainer process more efficient and procedurally effective. As amended in January, AB 1263 only applies to commercial properties.

Position: Watch as Amended

Status: Senate Judiciary Committee

AB 1800 (Ma and Hagman) Unlawful Rental of Residential Dwelling - Under existing law it is a misdemeanor for anyone to claim ownership, or take possession, of a residence with the intention of renting or leasing the residence to another person without the owner's or owner representative's permission. C.A.R. supports AB 1800 which would instead make that crime a felony.

Position: Support

Status: Senate Public Safety Committee

AB 2337 (Ammiano) Public Retirement Investment in Rent Controlled Jurisdictions – AB 2337 would prohibit CalPERS and CalSTRS from investing in business operations that result in the displacement of renters living in rent controlled housing either through significant rent increases, or the destruction or replacement of the housing units. The bill also requires CalPERS and CalSTRS to develop a rent control housing compliance policy by January 2, 2012 that analyzes the compliance of investments and offers suggestions to mitigate any negative impact on rent controlled housing. C.A.R. opposes AB 2337 because it would discourage investment in rent controlled housing. Rent control restrictions are a disincentive for businesses to build or improve housing in rent controlled communities.

Position: Oppose

Status: Assembly Appropriations Committee

AB 2439 (Nestande) Mobilehome Parks – Existing law permits mobilehome owners to rent or sublease their home in the event of a medical emergency. Current law also allows mobilehome park management to require its approval of the prospective tenant, limits the term of the sublease to no more than 12 months and prohibits homeowners from charging more than an amount necessary to cover space rent, utilities and loan payments. AB 2439 would expand these rental provisions to allow mobilehome owners to rent or sublease their home for any reason. The bill also exempts subleased mobilehomes from rent control. C.A.R. supports AB 2439 because it affords homeowners greater flexibility in the renting of their homes during difficult financial times.

Position: Support

Status: Assembly Housing and Community Development Committee

AB 2502 (Brownley) Homeowners' Association Fee Delinquencies – The Davis-Stirling Common Interest Development Act (Davis-Stirling Act) allows the homeowners' association (HOA) managing a Common Interest Development to levy assessments to fulfill the associations' obligations. It also provides that should a unit owner fail to pay the assessment and work out an agreement or payment plan with the board, the homeowners' association cannot, on for amount less than \$1800, collect that delinquency through foreclosure. As introduced, AB 2502 would have increased the amount of delinquency required before an association could foreclose to \$3,600. It would have also required discussion of assessment delinquencies to occur in public sessions of HOA meetings. C.A.R. opposed AB 2502 as it would have made it more difficult for HOA's to collect delinquent assessments that are needed for service and maintenance, and thus, would have imposed additional costs on the remaining homeowners. Furthermore, the bill exposed HOAs to potential liability by requiring public disclosure of confidential information. C.A.R. and other opponents succeeded in convincing the author to remove the objectionable provisions from the bill. As amended, AB 2502 proposes to prohibit homeowners from waiving the rights and protections provided to them in the Davis-Stirling Act.

Position: Watch as Amended

Status: Assembly Judiciary Committee

SB 1252 (Corbett) Housing Discrimination – Federal housing programs have renter eligibility criteria requiring that at least one member of the household be 62 years old or older. This type of requirement currently violates California law. Additionally, businesses may not discriminate in the sale or rental of housing accommodations based on age, with the exception of establishments which are designed to accommodate the unique social and physical needs of senior citizens. C.A.R. supports SB 1252, sponsored by the Fair Housing and Employment Agency, which would reconcile differences between federal law and state law by adding source of income to the list of protected classes in existing law. The bill would also clarify that admission preferences based on age, imposed in connection with a federally-approved housing program, do not constitute age discrimination in housing.

Position: Support

Status: Senate Floor

Volume 1: Land Use, Environment & Infrastructure

AB 51 (Blakeslee) Electrical Corporation Energy Efficiency Programs - This bill would prohibit the Public Utilities Commission from using more than 10% of its energy efficiency program funds for administration expenses. Currently, there is no cap for administrative expenses. C.A.R. supports AB 51 because it will significantly increase the implementation of energy efficiency improvements in homes and business through increased incentives and rebates to customers and will allow energy customers to immediately save money while reducing green gas emissions.

Position: Support

Status: Senate Energy, Utilities and Communications Committee

AB 226 (Ruskin) Coastal Resources and Enforcement - Under current law, the California Coastal Commission (CCC) is authorized to seek, through the Attorney General, civil penalties and fines on individuals who engage in unpermitted development activities. All fines collected from these violations are paid into the state's general fund. AB 226 proposes to extend the judicial authority to the CCC, allowing the commission to impose civil penalties and to retain the penalties collected in an effort to augment their own operating budget, creating a "bounty hunter" incentive to fine landowners. Recent amendments attempted to remove this "bounty hunter" provision by redirecting the fines into a special mitigation fund. Even with the amendments, C.A.R. continues to oppose the passage of AB 226 because judicial authority to pursue fines and penalties should remain in the courts where due process is afforded.

Position: Oppose

Status: Senate Floor Inactive File

AB 291 (Saldana) Coastal Commission Enforcement Authority - Current law permits the California Coastal Commission (CCC) to pursue cease and desist orders against land owners who engage in unpermitted development activities and conditions pending permit approval upon the mitigation of existing violations. This bill would have allowed the staff of the CCC to halt the processing of a permit application if the CCC staff asserted that a violation existed on either that property or any contiguous parcel owned by the applicant. While AB 291 was amended to remove the restriction on contiguous parcels, the bill still allows CCC staff to halt permit application processing for violations that have no nexus between the application and the existing violation on the parcel in question. C.A.R. continues to oppose AB 291 because it would halt the processing of otherwise valid applications.

Position: Oppose

Status: Senate Floor Inactive File

AB 300 (Caballero) Subdivisions Water Supply - Current law requires housing projects in excess of 500 units to receive verification from the public water system that sufficient water supplies are, or will be, available prior to the completion of the project. AB 300 permits local governments to consider a reduction in the anticipated water demand for new housing projects if the development voluntarily implements water demand reduction measures. C.A.R. supports AB 300 because it will help to reduce the water demands needed to provide more housing to the state's increasing population by maximizing the utilization of the states water supply through conservation. However, when faced with hostile amendments that sought to require home owner associations to inspect and enforce interior water fixtures, C.A.R. announced that it would be forced to oppose the bill if the language was included. The author is working with the stakeholders to develop a realistic enforcement mechanism to ensure continued use of the water saving features.

Position: Support

Status: Senate Natural Resources and Water Committee

AB 580 (Huber) Onsite Sewage Treatment Systems - AB 885 (Jackson) of 2000 mandated the State Water Resources Control Board (SWRCB) to create a statewide standard for operating and permitting septic systems. C.A.R. has actively participated in the development of the new standards since 2002 and continues to argue aggressively for the rights of property owners, while seeking to minimize compliance costs. AB 580 encourages the SWRCB to draft regulations that will ensure local control, address only failing septic systems and minimize costs to homeowners. The bill directs the statewide septic law away from a "one size fits all" regulatory approach by requiring septic systems to be classified into regulatory tiers based on the demonstrated risk each system poses to the public health and environment. The bill also empowers local agencies to certify that their local septic system ordinances are functionally equivalent to statewide regulations. C.A.R. supports AB 580 because it would legislatively require a more reasonable approach to the application of the proposed septic regulations if the SWRCB does not take this approach voluntarily.

Position: Support

Status: Senate Environmental Quality Committee

AB 2579 (Evans) Infrastructure Financing and Development Commission – This bill proposes to create the Master Plan for Infrastructure Financing and Development Commission that will make recommendations to the Legislature and Governor regarding the states current and future infrastructure needs. The commission will be required to appoint several task force committees to examine the state's long-term needs as they relate to planning and financing, housing, natural resources and conservation, transportation and education. AB 2579 requires that representatives from the building industry, labor, business, environmental, consumer and taxpayer organizations be included in the commission's task force committees. The commission would also be required to submit its final report to the Legislature and Governor by December 1, 2012. C.A.R. is seeking amendments that would add "housing" to the list of community representatives participating in the commission's task force committees. This amendment would allow for a broader representation of interested stakeholders.

Position: Amend

Status: Assembly Appropriations Committee

SB 144 (Pavely) Forest Resource Management - Current law requires counties to determine if land use changes cause a significant effect on oak woodlands that would require mitigation, lists options for mitigation, and permits counties to override the need for mitigation for economic reasons. SB 144 would require the Department of Forestry and Fire Protection (DFFP), in consultation with the State Air Resources Control Board and the Department of Fish and Game to develop regulations to fully mitigate the increased carbon emissions resulting from forest land conversions. The bill authorizes the DFFP to impose a fee on woodland conversion applicants in

order to cover the department's program costs. C.A.R. opposes this bill because existing law already provides a process to mitigate woodland conversions.

Position: Oppose

Status: Assembly Natural Resources Committee

SB 1194 (Hollingsworth) Residential Wood Burning Devices – SB 1194 would have prohibited a local air district from adopting or implementing a rule or regulation to prohibit the installation of a wood-burning fireplace, heater or stove in a new or existing residence. C.A.R. supported SB 1194 because it would have stopped air districts from imposing additional punitive and overreaching restrictions upon homeowners who want to use their wood-burning appliances, which are not only cost-effective, but provide a renewable method for heating a home.

Position: Support

Status: Died in Senate Environmental Quality Committee

Volume 1: Taxation

AB 157 (Anderson) Property Tax Base Year Value Transfers for Disaster Relief - Currently, homeowners whose homes are damaged or destroyed by a disaster are permitted to transfer the property tax base year value of that property to a replacement property of comparable value within five years of the disaster, provided the replacement property is located in the same county as the original property. AB 157 would extend that time period to seven years. C.A.R. supports AB 157 because disputes with home insurers regarding compensation can be extremely protracted in the wake of a disaster. AB 157 recognizes this fact by extending the period for these transfers by an additional two years.

Position: Support

Status: Senate Revenue and Taxation Committee

AB 765 (Caballero) Housing Tax Credit - SB 15 of the Second Extraordinary Session, which was signed into law as part of the "marathon" negotiations on the state budget last February, created a tax credit for new home purchasers equal to 5% of the sale price of a home, not to exceed \$10,000. The credit was only available for completed purchases of new (previously unoccupied) homes between March 1, 2009, and March 1, 2010. This program authorized by SB 15 of the Second Extraordinary Session allocated \$100 million in state funds to provide these tax credits. As introduced, C.A.R. supported AB 765 which would have removed the tax credit funding cap for homes purchased prior to December 1, 2010. As amended in June 2009, however, AB 765 did not eliminate the \$100 million cap, given the state budget shortfall, but rather proposed to alter the eligibility criteria for the tax credit by requiring purchasers to execute an enforceable contract by March 1, 2010 and to close escrow before December 1, 2010. The bill was further amended to revise the Franchise Tax Board (FTB) process for calculating the number of tax credits available. For each certification received from a seller, FTB would have been required to reduce the total amount of credit available for allocation by an amount equal to 70% of the credit allocated to a taxpayer. C.A.R. supported AB 765 because it would have permitted approximately 5,000 more home buyers to access this tax credit. AB 765 has been dropped by its sponsor in light of AB 183's enactment, (see also, SB 49 and SB 15 of the Second Extraordinary Session)

Position: Support

Status: Senate Floor

AB 827 (Yamada) Recording Fees to Fund Historical County Records - As introduced, AB 827 would have allowed counties to impose an additional per page recording "fee" of up to \$3 for the first page of a document and \$1 each for the remaining pages for the archiving of documents

of historical interest. AB 827 was amended to instead limit the recording fee to the actual costs of providing archival services up to a maximum of \$3 per property-related document. Under state law, a fee can only be charged to cover the cost of providing the service for which the fee is collected. That is not the case here; C.A.R. opposes AB 827 because this “fee” is really a transfer tax. AB 827 also attempts to circumvent the voters’ right to approve local taxes.

Position: Oppose

Status: Senate Floor Inactive File

AB 1779 (Niello), AB 7 of the Sixth Extraordinary Session (Blakeslee) and SB 14 of the Sixth Extraordinary Session (R. Calderon and Correa) Cancellation of Mortgage

Indebtedness - The federal government enacted the Mortgage Debt Relief Act of 2007 that permitted 3 years of mortgage debt relief by not requiring borrowers to pay income tax on debt forgiven in a “short” sale. In late 2008 the federal government extended this relief through December 31, 2012. In 2008, California enacted SB 1055 which provided conformity with the federal statute for the 2007 and 2008 tax years. These measure would have fully conformed to the federal rule and extend debt forgiveness on “phantom” income through December 31, 2012. (see also, AB 111, SB 97, SB 401 and SB 32 of the Eighth Extraordinary Session)

Position: Support

Status: (AB 1779) Assembly Revenue and Taxation Committee; (AB 7 of the Sixth Extraordinary Session) Assembly Rules Committee; (SB 14 of the Sixth Extraordinary Session) Senate Rules Committee

AB 1919 (Davis) Survey Monument Preservation Fund - Existing law allows a county board of supervisors to create a survey monument preservation fund which can be financed by the imposition of a fee of up to \$10 to be charged upon the recording of a grant deed. This fee cannot currently be charged on the filing of grant deeds conveying lots created by recorded tract maps. AB 1919 would delete that exemption allowing the \$10 “fee” to be charged upon the recording of any grand deed. C.A.R. opposes this “fee” because it is a disguised transfer tax. A “fee” must be related to the services for which the fee is assessed namely, monument preservation. In this case by removing the exemption the fee will be imposed on ALL grant deed recordings and not just those where monument preservation is ongoing and necessary; therefore the “fee” is a tax.

Position: Oppose

Status: Granted Reconsideration on Assembly Floor

AB 2492 (Ammiano) Split Roll – Existing property tax law specifies the transfer of ownership of a corporation, partnership, limited liability company, or other legal entity constitutes a change in ownership of the real property owned by that entity, and results in a reassessment. As introduced, this bill proposed to create a rebuttable presumption that commercial property had undergone a change in ownership every three years. The bill also stated that a change in ownership of a legal entity over 50% would have constituted a change in ownership, triggering reassessment. The bill was recently amended to instead trigger reassessment of a commercial property upon the sale or transfer of 100% of the corporation owning the property in any single transaction. C.A.R. continues to oppose AB 2492 because it will create a burdensome reassessment rule on non-residential property and lead to a split tax roll that will exacerbate the already unfortunate trend toward the “fiscalization” of land use decisions.

Position: Oppose

Status: Assembly Appropriations Committee

AB 2640 (Arambula) 1031 Property Exchange – As introduced, AB 2640 would have eliminated state conformity with federal tax law relating to “1031” exchanges. In other words, if this bill were to pass, tax deferred exchanges while still possible for federal tax purposes would not have enjoyed tax deferred treatment for state tax purposes. In early April, C.A.R. obtained

amendments that removed this provision from the bill. As amended, C.A.R. is neutral on AB 2640.

Position: Watch as Amended

Status: Assembly Appropriations Committee

ACA 9 (Huffman) Property Tax and Special Tax Vote Threshold Reduction - Proposition 13, which was approved by the voters in 1978, prohibits property taxes from exceeding 1% of the full cash value of the property. Current law also requires a two-thirds vote to approve special taxes. ACA 9 proposes to reduce the vote requirement for the imposition of property taxes and special taxes to 55%. C.A.R. opposes ACA 9 and argues that California voters have on several occasions clearly stated that property taxes and special taxes should only be approved by a two-thirds vote and that the higher standard that a two-thirds vote represents reflects the public's view that the imposition of special taxes should be held to that standard.

Position: Oppose

Status: Assembly Floor Inactive File

ACA 10 (Torlakson) Education Finance District Special Tax Vote Threshold Reduction - ACA 10 would reduce the vote required to approve special taxes for education finance districts from a two-thirds vote to a simple majority. C.A.R. opposes ACA 10 because it runs counter to the expressed views of California voters who have clearly stated that special taxes should only be approved by a two-thirds vote.

Position: Oppose

Status: Assembly Floor

ACA 15 (Arambula) Local Transportation Project Special Tax Vote Threshold Reduction - This bill would reduce the vote required to approve special taxes for local transportation projects, from a two-thirds vote to 55 percent. C.A.R. opposes ACA 15 and argues that California voters have on several occasions clearly stated that special taxes should only be approved by a two-thirds vote, and that the higher standard that a two-thirds vote reflects the public's view that the imposition of special taxes should be held to that standard.

Position: Oppose

Status: Assembly Floor Inactive File

AB 7 of the Sixth Extraordinary Session (Blakeslee) Cancellation of Mortgage Indebtedness – see AB 1779 (Niello) on page 11, SB 14 of the Sixth Extraordinary Session (R. Calderon and Correa) on page 14 (see also, AB 111 and SB 97, SB 401 and SB 32 of the Eighth Extraordinary Session)

Position: Support

Status: Assembly Rules Committee

SB 401 (Wolk) Federal Tax Conformity – SB 401 was a re-introduction of SB 32 of the Eighth Extraordinary Session (Wolk), which was vetoed by the Governor. This bill is tax conformity bill which, among other things, conforms to the federal law which does not require borrowers to pay income tax on debt forgiven in a "short sale" through December 31, 2012. SB 401 was amended to remove the provisions that the Governor found objectionable. While C.A.R. supports phantom income debt forgiveness, it did not support SB 401 as it contained other provisions. (see also, AB 111, SB 97, AB 1779, AB 7 of the Sixth Extraordinary Session, SB 14 of the Sixth Extraordinary Session, SB 32 of the Eighth Extraordinary Session)

Position: Watch as Amended

Status: Signed by the Governor on April 12, 2010 (Chapter 14, Statutes 2010)

SB 1316 (Romero) 1031 Property Exchange Limitation – SB 1316 was recently “gutted” and amended to create state tax credit for investments in low income communities that will be funded with revenues obtained from a capital gains tax increase on 1031 exchanges that would exchange a California property for a property out-of-state. C.A.R. opposes SB 1316 because it limits the state’s conformity with federal tax law relating to 1031 exchanges. If this bill were to pass, tax deferred exchanges - while still allowable under federal law - will not enjoy the same tax deferred treatment for state tax purposes if the property is exchanged for a property outside the borders of California.

Position: Oppose

Status: Senate Revenue and Taxation Committee

SB 1415 (Walters) Property Tax Portability - Currently, Proposition 60 allows a homeowner 55 years of age or older to transfer, on a one-time basis, their property tax base year value to another home of equal or lesser value within the same county, or to a home located in a county that has adopted an ordinance permitting homeowners to transfer their property tax base year value to that county. Beginning January 1, 2011, this measure would allow senior homeowners who are 65 years of age or older to transfer their property tax base year value to a dwelling located in a different county without the adoption of an ordinance. C.A.R. supports SB 1430 because it protects seniors who are often on a fixed and/or limited income from property tax increases that can occur when purchasing a new home.

Position: Support

Status: Senate Revenue and Taxation Committee

SB 1416 (Walters) Senior Capital Gains Exemption – Current law reduces capital gains tax by permitting single individuals to exclude up to \$250,000, and married couples to exclude up to \$500,000, of the net gain from the sale of their home. Beginning January 1, 2010, SB 1416 would, for California state income tax purposes, exempt individuals 65 years of age or older from paying capital gains tax on the sale or exchange of their principal residence. C.A.R. will support SB 1416 if it is amended to protect all homeowners, and not just seniors, from paying additional income tax on the money they received from the sale of their home.

Position: Support is Amended

Status: Senate Revenue and Taxation Committee

SB 1430 (Walters) Senior Citizen Property Tax Exemption – Existing property tax law provides for a homeowners' exemption in the amount of \$7,000 of the full value of a "dwelling." SB 1430 would increase this exemption to \$27,000 for individuals 62 years of age and older and requires county assessors to annually adjust this tax credit by the percentage change in California’s Housing Price Index. Additionally, the existing Personal Income Tax Law authorizes a \$120 credit for married couples or heads of households renting a unit whose adjusted gross income is \$50,000 or less, and a \$60 credit for those renters whose adjusted gross income is \$25,000 or less. SB 1430 would increase this credit for senior citizen renters that are 62 years of age or older to \$151 for senior citizen couples and \$75 for single senior citizen renters. C.A.R. supports SB 1430 because senior citizens are generally on limited fixed incomes and the current \$7,000 exemption does little to alleviate the property tax burden that comes with homes that generally in California have assessed values in the hundreds of thousands of dollars.

Position: Support

Status: Senate Revenue and Taxation Committee

SCA 6 (Simitian) Vote Threshold Reduction for Parcel Taxes - This measure would reduce the vote required for a school district to impose a parcel tax from two-thirds to 55%. C.A.R. opposes SCA 6 because parcel taxes are not limited to facility construction, can be imposed indefinitely, and are a “flat fee” per parcel that may place an additional burden on homeowners least able to afford it.

Position: Oppose
Status: Senate Floor

SCA 11 (Dutton) Property Tax Base Year Values - Currently, Proposition 60 allows a homeowner 55 years of age or older to transfer, on a one-time basis, their property tax base year value to another home of equal or lesser value. SCA 11 would allow senior homeowners to transfer their property tax base year value to a more expensive home; however, the difference in value between the original and replacement homes would be added to the base year value, which would eliminate any negative fiscal impact on government. C.A.R. supports SCA 11 because it protects seniors who are often on a fixed and/or limited income from property tax increases that can occur when purchasing a new home.

Position: Support
Status: Held in Senate Revenue and Taxation Committee

SCA 12 (Kehoe) Special Tax and Bonded Indebtedness Vote Threshold Reduction - This bill would reduce the vote required to approve special taxes and bonded indebtedness to fund emergency and public safety services, from a two-thirds vote to 55 percent. C.A.R. opposes SCA 12 and argues that California voters have on several occasions clearly stated that special taxes and bonded indebtedness should only be approved by a two-thirds vote and that the higher standard that a two-thirds vote reflects the public's view that the imposition of special taxes and bonded indebtedness should held to that standard.

Position: Oppose
Status: Senate Floor Inactive File

SB 4 of the Sixth Extraordinary Session (Ashburn) Homebuyer Tax Credit – C.A.R. supported SB6x 4, which would have provided \$200 million for homebuyer tax credits. The bill allocated \$100 million for qualified first time home buyers of existing homes and \$100 million for purchasers of new, or previously unoccupied, homes. This credit would be equal to 5% of the purchase price for a qualified principal residence with a maximum credit of \$10,000 for all purchases made between May 1, 2010 and December 31, 2010, provided that there is an enforceable contract that is executed before August 1, 2011. The eligible taxpayer will take the allowed tax credit in equal installments over a three year period. Under SB 4 of the Sixth Extraordinary Session, purchasers will be required to live in the home for at least two years or forfeit the credit (i.e. repay it to the state). This bill was not acted upon due to the passage of AB 183. (see also, AB 183, SB 49 and SB 15 of the Second Extraordinary Session)

Position: Support
Status: Senate Revenue and Taxation Committee

SB 10 of the Sixth Extraordinary Session (Dutton) Capital Gains – Current law reduces capital gains tax by permitting individuals to exclude up to \$250,000, and married couples to exclude up to \$500,000, of the net gain from the sale of their home. Beginning January 1, 2013 and ending January 1, 2016, SB 10 of the Sixth Extraordinary Session would, for California state income tax and corporate tax purposes, exempt 50% of any net capital gain from the sale or exchange of a capital asset that was held for more than three years. C.A.R. supports this bill because it gives property owners another option to limit their income tax liability that can result from the sale of residential and commercial property.

Position: Support
Status: Senate Revenue and Taxation Committee

SB 14 of the Sixth Extraordinary Session (R. Calderon and Correa) Cancellation of Mortgage Indebtedness – see AB 1779 (Niello) on Page 11, AB 7 of the Sixth Extraordinary

Session (Blakeslee) on page 12 (see also, AB 111 and SB 97, SB 401 and SB 32 of the Eighth Extraordinary Session)

Position: Support

Status: Senate Rules Committee

Legislative Program: Volume 2

Volume 2: Transactional Issues – Broker Practice & Risk Management

DRE Reserve Fund Loan to DOJ - The 2009-2010 budget act included a "loan" from DRE reserve funds to a start-up program in the Department of Justice. C.A.R. sponsored legislation following the budget crisis of the early '90's after the DRE reserve was "raided" and transferred to the general fund. DRE subsequently needed a fee increase and C.A.R. agreed to that but only if the law could be changed to prevent future "general fund" raids of the DRE reserves. C.A.R. sponsored the so-called "poison pill" legislation and all was well, for awhile, until another budget shortfall precipitated another raid on the special fund agencies (DRE is one). At that time they couldn't "transfer" the reserves because of C.A.R.'s "poison pill" legislation, so they "borrowed" the money saying that it was a "loan." C.A.R. sponsored another bill to prohibit "loans", all was well, for awhile, until the most recent budget shortfall where the state needed money (\$500k) to fund, in the Department of Justice, a foreclosure consultants' registration program. Although it is a loan, it is not going to the general fund and so the administration takes the position that a loan to a "special fund agency" (DOJ is one) is not prohibited by C.A.R.'s poison pill legislation or subsequent amendments to that legislation. (see also, SB 1123)

Position: Oppose

AB 33 (Nava) Creation of the Department of Financial Services - This bill would have abolished the Departments of Real Estate (DRE), Corporations (DOC), Financial Institutions (DFI), and the Office of Real Estate Appraisers (OREA). AB 33 originally proposed to transfer the powers, duties, purposes, jurisdiction and responsibilities of those departments to a newly created "Super Department" of Financial Services. C.A.R. opposed AB 33 because the function of a real estate licensee is not just to provide financial services, but also to list and show houses for sale, sell or manage investment properties and raw land, and to manage and oversee residential rental properties. Real estate licensees are also individually licensed agents and, unlike other licensees, maintain a fiduciary agency relationship with their clients. While C.A.R. amendments would have preserved the DRE as an independent regulator, AB 33 proposed to shift the regulation of mortgage loan brokerage over to a new "Super Department" of Financial Services. If AB 33 had been enacted, DFI and DOC would have been reorganized under this new department, while OREA would have been consolidated into DRE. With these amendments, C.A.R. withdrew its opposition. AB 33 was "gutted" and amended early in 2010 to instead address the state parole requirements for sex offenders.

Position: Watch as Amended

Status: Died in the Senate Rules Committee Due to Amendment

AB 255 (Anderson) Criminal Penalties for Google Earth-type Street Views - AB 255 would have prohibited Google Earth© and similar internet resources from showing high resolution street views and aerial views of churches, schools and public buildings. C.A.R. opposed AB 255 because it would have prohibited the legitimate use of internet mapping services that not only provide driving directions, but property profiles and MLS links that REALTORS® use to facilitate transactions. While the author had indicated a willingness to exempt driving direction software and other "legitimate" uses, he was unable to reconcile his announced intent to protect legitimate uses with his goal of restricting strategic information to possible terrorists. The author decided not to pursue AB 255 in 2010.

Position: Oppose

Status: Died in the Assembly Art, Entertainment, Sports, Tourism and Internet Media Committee

AB 260 (Lieu) New Sub-Prime Broker Rules - AB 260 was a re-introduction of AB 1830, which was opposed by C.A.R., and vetoed by the Governor last year. Like its predecessor, AB 260 creates new restrictions on mortgage brokers and attempted to create a new one-sided attorney fee rule that would only allow successful plaintiffs to collect attorney fees in suits over violations. This bill creates an unequal standard that does not hold ALL loan originators to the same rules and restrictions, and disadvantages mortgage brokers originating loans but not residential mortgage lenders (like Countrywide) to the same extent. AB 260 was amended in July 2009 to remove the private right of action provision that would have permitted one-sided attorney's fees. C.A.R. continued to oppose AB 260 and sought amendments that would have created a uniform standard for loan origination. As enacted, AB 260 creates unlevel playing field for loan origination by not applying to all mortgage loan "originators."

Position: Oppose Unless Amended

Status: Signed by the Governor on October 11, 2009 (Chapter 629, Statutes of 2009)

AB 329 (Feuer) Reverse Mortgage Elder Protection Act of 2009 and SB 660 (Wolk) Reverse Mortgages - AB 329 and SB 660 would have enacted reverse mortgage regulation that would have adversely affected legitimate credit. AB 329 would have permitted borrowers to rescind a reverse mortgage within 30 days of the contract's execution, while SB 660 automatically made anyone (i.e. neighbors, REALTORS®, barbers, grocery store clerks, etc.) "recommending" a reverse mortgage, a fiduciary subject to liability. Both of the authors removed the objectionable provisions that would have swept up legitimate transactions and exposed transactions to new liability. With these amendments C.A.R. removed its opposition. As amended, AB 329 requires lenders to provide prospective borrowers with a list of nonprofit counseling agencies and to disclose any payment arrangements or business affiliations between the lender and a counseling agency. SB 660 now requires anyone anticipating compensation for recommending the purchase of a reverse mortgage to reasonably believe that the borrower understands the risk, benefits and alternatives to a reverse mortgage.

Position: (AB 329 and SB 660) Watch as Amended

Status: (AB 329) Signed by the Governor on October 11, 2009 (Chapter 236, Statutes of 2009); (SB 660) Senate Floor

AB 457 (Monning) Notice to Property Owners of Lien Rights - Existing law requires a lien holder to notice a homeowner that they "might" record a mechanic's lien but permits that lien holder to record a mechanic's lien without providing notice to the homeowner that a lien has actually been filed prior to foreclosing on a lien. AB 457 requires that proof of a Notice of Mechanic's Lien be served upon the property owner as a condition of recording a mechanic's lien with a county recorder. The bill also requires the person filing an action to foreclose upon a mechanic's lien to also record a lis pendens (notice of pendency of an action) with the county recorder within 20 days of the filing of the mechanic's lien foreclosure action. C.A.R. supported AB 457 because it requires an improved notice to property owners about their rights in regard to mechanics' liens.

Position: Support

Status: Signed by the Governor on August 5, 2009 (Chapter 109, Statutes of 2009)

AB 764 (Nava) Real Estate Brokers - see SB 94 (Calderon) on page 18.

Position: Oppose Unless Amended

Status: Vetoed by the Governor on October 11, 2009

AB 957 (Galgiani) Buyers Choice in Escrow - RESPA prohibits lenders from forcing buyers to purchase title insurance from a particular provider. C.A.R. supported AB 957, which strengthens

buyer protections by prohibiting a REO seller from forcing a buyer to purchase title and escrow coverage from providers selected by that seller. This bill is modeled after RESPA applying that rule to REO sellers for both title and escrow services.

Position: Support

Status: Signed by the Governor on October 11, 2009 (Chapter 264, Statutes of 2009)

AB 985 (De La Torre) Illegal Historic Real Estate Covenants - Existing law already voids any provision in a deed of real property that restricts the use of the property based on race, color, religion, sex, marital status, national origin, ancestry, familial status, disability, source of income, or sexual orientation. C.A.R. opposed AB 985 as it was introduced, which would have imposed a point-of-sale required for title companies to review and strike unenforceable historic property restrictions from all documents in a transaction before the close of escrow. C.A.R. offered to support a procedure for electronic "scrubbing" of property records, like that currently used for removing social security numbers. C.A.R. also organized support for the approach from other real estate organizations. AB 985 was amended to instead provide an enhanced procedure for non-owners to request the county recorder to remove an illegal restriction from the property record. The amendments also set up an expensive program to cover the costs related to the removal of the already illegal and unenforceable covenants by surcharging every recorded real estate document an additional fee to cover the costs "related to" the program. While county recorders would have been encouraged to periodically review and re-calculate this fee based on "reasonable" program costs, the bill had no limit on fees and would have allowed overcharging and potential diversion of the fund. C.A.R. opposed AB 985 because it neither limited charges to actual program costs, nor placed a cap on the document recording fee and needed better controls on who reviewed the fee.

Position: Oppose Unless Amended

Status: Vetoed by the Governor on October 11, 2009

AB 1118 (Hayashi) Licensing Home Inspectors - This bill was designed to create a regulatory scheme to license home inspectors, a concept that C.A.R. has supported in the past. The author attempted to create a consensus among home inspection providers, and in the end, decided not to pursue the bill.

Position: Favor

Status: Died in the Assembly Business and Professions Committee

AB 1160 (Fong) Contract Translations - Existing law requires any party that facilitates the negotiation of a contract to provide translated copies of that agreement if the negotiations were conducted in Spanish, Chinese, Tagalog, Vietnamese, or Korean. This bill requires a supervised financial institution that negotiates loans in these languages to provide a translation of that contract or translated summary produced by a regulator, to the borrower in the contract's primary language. The bill would also impose civil penalties against any person who fails to deliver the translation. The bill has a delayed effective date of January 1, 2010. C.A.R., in conjunction with other lending facilitators, reached an equitable solution that satisfies all of the industries concerns. The bill now applies only to "supervised financial institutions."

Position: Watch as Amended

Status: Signed by the Governor on October 11, 2009 (Chapter 274, Statutes of 2009)

SB 36 (Calderon) and AB 34 (Nava) Mortgage Loan Originators - SB 36 and AB 34 attempt to implement the requirements of the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE ACT) that requires states to set up a mortgage loan originator law that complies with new federal requirements. C.A.R. worked with the both authors to ensure that real estate licensees who are loan originators are regulated within the Department of Real Estate (DRE). These bills require mortgage loan brokers to get an additional endorsement that must be renewed annually. C.A.R. supported SB 36 and AB 34 because they will result in the least disruption of existing

systems and minimize compliance costs to both the state and individual licensees. In May of 2010, AB 34 was "gutted and amended" to address an unrelated issue. (see also, SB 491)

Position: (SB 36) Support; (SB 34) Watch File

Status: (SB 36) Signed by the Governor on October 11, 2009 (Chapter 160, Statutes of 2009); (AB 34) Senate Floor

SB 94 (Calderon) and AB 764 (Nava) Advance Fees For Loan Modifications - Existing law prohibits the taking of an advance fee by a broker unless the licensee's contract has been reviewed and pre-approved by the Department of Real Estate. SB 94 prohibits "cash up front" loan modification contracts. Based upon the authors addition of C.A.R. requested language to clarify the definition of an advance fee, the inclusion of the flexibility to engage in fee for service contracts (e.g. a listing agreement) and a 2013 sunset date, C.A.R. supported SB 94. AB 764 also prohibited any advance payment for loan modifications, but contained no flexibility to allow fee for services contracts and prohibited any compensation until the borrower was bound in a new loan. C.A.R. opposed AB 764 which would have imposed a complete prohibition on earning a fee when modifying or arranging a loan until after the buyer became obligated on the new loan.

Position: (SB 94) Support; (AB 764) Oppose Unless Amended

Status: (SB 94) Signed by the Governor on October 11, 2009 (Chapter 630, Statutes of 2009); (AB 764) Vetoed by the Governor on October 11, 2009

SB 109 (Calderon) Real estate auctions - Existing law requires auctioneers and auction companies to maintain a surety bond or an equivalent deposit and to distribute the terms, conditions, restrictions, and procedures under which goods will be sold at the auction. This bill would have applied the consumer protections of the auction law (refunds of deposits, notices of reserve requirements) to real estate auctions.

Position: Favor

Status: Vetoed by the Governor on October 11, 2009

SB 237 (Calderon) Appraisal Management Companies - The recent adoption of the Home Valuation Code of Conduct (HVCC) has resulted in an explosive growth of appraisal management companies (AMCs) which now largely control the appraisal process. These companies are currently unregulated under California law. C.A.R. supported SB 237 which brings AMCs under the supervision of the Office of Real Estate Appraisers (OREA) and requires that they operate under California's Real Estate Appraiser and Certification Law. (see also, AB 1796)

Position: Support

Status: Signed by the Governor on October 11, 2009 (Chapter 173, Statutes of 2009)

SB 407 (Padilla) Point-of-Sale Plumbing Fixture Replacement - C.A.R. obtained amendments that removed its opposition to SB 407, a bill that would have required that residential and commercial properties be retrofitted at point-of-sale with low-flow toilets, shower heads and faucets. While C.A.R. appreciates the goal of conserving water, C.A.R. opposed SB 407 because its point-of-sale approach would have burdened escrows and further destabilized the already weak housing market. C.A.R.'s amendments removed the point-of-sale provisions from the bill and instead require all properties to be retrofitted by 2017. In the final days of the 2009 session, the author removed all of the Transfer Disclosure Statement requirements from SB 407 in order to avoid any conflict with another bill which adds C.A.R. language to the TDS. (see also, SB 183)

Position: Watch as Amended

Status: Signed by the Governor on October 11, 2009 (Chapter 587, Statutes of 2009)

SB 491 (Maldonado) SAFE Act Compliance - SB 491 was introduced to bring California into compliance with Secure and Fair Enforcement for Mortgage Licensing Act (SAFE ACT) that

requires states to set up a mortgage loan originator law that meets new federal requirements. This bill would have required an additional mortgage loan originator endorsement to be renewed annually within the Department of Real Estate (DRE). SB 491 would have also placed similar registration requirements on other types of loan originators not licensed with the DRE. C.A.R. supported SB 491, like SB 36, because it would have resulted in the least disruption of existing systems and minimized compliance costs to both the state and individual licensees. SB 491 was "gutted and amended" to address an unrelated issue. (see also, SB 36 and AB 34)

Position: Watch as Amended

Status: Died in the Senate Banking, Finance and Insurance Committee Due to Amendment

SB 496 (Maldonado) Sex Offenders - Under SB 496, the DRE would have been required to either revoke or deny and individual's application for licensure, renewal or reinstatement if that individual was required to register as a sex offender. Real estate licensees convicted of a sex offense, who are required to register as a sex offender, would have also been required to notify the DRE within five days of that conviction. C.A.R. supported SB 496 because real estate licensees are in a unique position of trust, and because of that position have more opportunities to re-offend..

Position: Support

Status: Died in the Senate Public Safety Committee

Volume 2: Housing & Property Management

AB 481 (Ma) Mobilehome Park Rent Control Exemption - Existing law exempts a mobilehome space from rent control if it is not the principal residence of the homeowner, and the homeowner has not rented the mobilehome to another party. AB 481 would have included in this exemption from rent control, "second home" mobilehome spaces where the homeowner has rented the mobilehome to another party. The bill would have also clarified the basis for determining if the mobilehome was the homeowner's principal residence. C.A.R. supported AB 481 because the second home exemption from rent control encourages the development of more parks and communities in jurisdictions needing additional affordable housing.

Position: Support

Status: Died in the Assembly Housing and Community Development Committee

AB 530 (Krekorian) Unlawful Detainer and Unlawful Weapons on Rental Properties - C.A.R. supported AB 1013, signed into law in 2007, which created a pilot program in the cities of Los Angeles, Long Beach, Oakland, San Diego and Sacramento to allow landlords and property managers to serve tenants with an unlawful detainer notice for creating a nuisance on the premises if the tenant illegally possesses weapons or ammunition. Local prosecutors and city attorneys are also permitted to serve the unlawful detainer action to criminal tenants constituting the nuisance on behalf of the community. This authority exists only until January 1, 2010. AB 530 would have eliminated the sunset date and expanded the enforcement authority statewide. C.A.R. supported AB 530 because it would have provided an important tool for landlords and property managers to help rid neighborhoods of dangerous tenants who illegally possess weapons or ammunition. The scope of bill was reduced and as amended the bill only serves to extend the sunset date to January 1, 2014 on the existing program created by AB 1013.

Position: Watch as Amended

Status: Signed by the Governor on October 11, 2009 (Chapter 244, Statutes of 2009)

AB 566 (Nava) Mobile Home Park Conversion Requirements - When converting an existing mobilehome park to private ownership, the Subdivision Map Act requires subdividers to obtain a survey that gauges the mobile home park resident's support for the proposed conversion. AB 566 would have taken this requirement one step further by requiring local agencies to consider

whether the survey indicated that a majority of the residents of a mobile home park support the park's conversion to private ownership. As introduced, the bill also permitted local agencies to enact ordinances to prevent "sham" conversions and preserve affordable housing. C.A.R. opposed AB 566 because it could have created unnecessary and cumbersome impediments that would have made it more difficult for parks to convert to resident-ownership by permitting local agencies to interfere with a decision that should be left to residents and owners. C.A.R. obtained amendments that satisfied its concerns, leaving the conversion decision up to the park owner and residents.

Position: Watch as Amended

Status: Vetoed by the Governor on October 11, 2009

AB 603 (Skinner) Statewide "Just Cause" for REO Property - This bill would have prohibited anyone who acquired foreclosed rental property from terminating a tenancy unless the new owner had owned the property for a minimum of one year or demonstrated a "just cause" (e.g., non-payment of rent, etc.) for the eviction. C.A.R. opposed AB 603 because it would have created a disincentive for ANY buyer to purchase an REO home, which would have only served to further delay the recovery of California's housing market. AB 603 was amended to instead conform to federal legislation which requires at least a 90-day notice to terminate tenancy, unless the tenant has an existing lease with more than 90-days remaining on the term, in which case the tenant may remain until the lease term ends. As amended, AB 603 continued to permit eviction if the owner could demonstrate a "just cause" for eviction and still applied to **ANY** residential property leased or rented by a tenant prior to the completion of a foreclosure proceeding. The provisions in AB 603 would have sunseted January 1, 2013. With these amendments, C.A.R. was neutral on AB 603.

Position: Watch as Amended

Status: Died on the Assembly Floor Inactive File

AB 891 (B. Berryhill) Gang Abatement - AB 891 would have authorized the district attorney (DA) or city attorney to bring an abatement action against a property owner whose property was being used by a criminal street gang as a congregation point. Should a property owner not abate the nuisance, the DA or city attorney would have been permitted to impose a maximum fine of \$1,000 for the first violation, \$2,500 for the second violation, and could have forced the property owner to forfeit the property for the third violation. The proceeds from fines and property forfeiture would have been used to fund gang prevention activities. C.A.R. opposed AB 891 because it unreasonably placed the burden to prevent gang activity on the property owner or manager.

Position: Oppose Unless Amended

Status: Died in the Assembly Public Safety Committee

AB 899 (Assembly Housing and Community Development Committee) CID Disclosures - Current law requires an HOA to provide specific documents to a purchaser of a unit in a CID. This bill initially proposed to require HOAs to annually distribute, to all owners of a separate interest in a CID, a "Disclosure Documents Index" that lists each document and where it can be found in the Davis-Stirling Act. AB 899 would have also required HOAs to include the assumed interest rate earned on reserves in the existing reserve funding summary and the assumed rate of inflation for the repair and replacement of major components. C.A.R. opposed AB 899 because it was duplicative and would have unnecessarily increased costs for homeowners residing in an HOA. Due to C.A.R.'s opposition, the author amended AB 899 to only require distribution of the index to HOA members who request it, eliminated duplication of reserve requirement notices and permitted these documents to be distributed to the requesting HOA members electronically. With these amendments, C.A.R. removed its opposition.

Position: Watch as Amended

Status: Signed by the Governor on October 11, 2009 (Chapter 484, Statutes of 2009)

AB 1020 (Emmerson) Swimming Pool Anti-Entrapment Devices - The federal "Pool & Spa Safety Act," (ACT) enacted in 2007 and effective at the end of 2008, requires all "public pools and spas" to be equipped with anti-entrapment drain devices. The definition of "public pools and spas" includes pools open to the public as well as pools in apartment complexes, residential real estate developments and multi-family apartment buildings. AB 1020 enacts the substantive portions of the federal ACT in state law, in order to allow these requirements to be enforced by state and local agencies. Specifically, this bill requires a "public swimming pool" constructed or renovated after December 18, 2009 to be equipped with an anti-entrapment device or system that meets federal safety requirements. Any pool constructed prior to December 18, 2009 must install an anti-entrapment device by December 19, 2011. C.A.R. favored AB 1020 because it sought to make state and federal law consistent.

Position: Favor

Status: Signed by the Governor on October 11, 2009 (Chapter 267, Statutes of 2009)

AB 1170 (Calderon) Consumer Information Booklet on Megan's Law - This bill would have required the Department of Justice (DOJ) to develop a Megan's Law Disclosure Booklet that would have provided prospective and current tenants of real property with a summary of federal and state law relating to sex offender registration. Owners and/or owner's agents providing this booklet to tenants would not have been required to provide any additional information relating to sex offender registration. AB 1170 attempted to avoid fiscal constraints by creating a voluntary funding mechanism to pay for the costs directly associated with the development of the booklet. C.A.R. obtained amendments to AB 1170 that removed the unreasonable and liability-inducing disclosure obligations for landlords and their agents. The sponsor (Community Associations Institute) added amendments that removed the liability shield that exists in current law to protect landlords and their agents when they deliver the Megan's Law Booklet. C.A.R. opposed AB 1170, and sought amendments to re-instate this liability shield.

Position: Oppose Unless as Amended

Status: Died in the Assembly Appropriations Committee

AB 1171 (Ammiano) Tenant Notice Requirement - The "Ellis Act" requires rental property owners in rent controlled jurisdictions to provide tenants with a 120-day notice of termination of tenancy when removing residential rental property from the rental market. Tenants who are either disabled or are senior citizens (62 years of age or older) are entitled to a notice of one year. AB 1171 was amended in early April 2009 to require landlords electing to "go out of business" to give all tenants a one-year notice of termination of tenancy if even one disabled or senior citizen resides in the rental property's units. C.A.R. strongly opposed AB 1171 because it discouraged investment in rental housing, placed a substantial limitation on a property owner's right to legitimately take a property off the rental market, negatively affected property values, and could have caused substantial financial losses to rental property owners.

Position: Oppose

Status: Died in the Assembly Housing and Community Development Committee

AB 1328 (Salas) Common Interest Development Contracts - In order to take advantage of energy and water efficiency technologies in CIDs, AB 1328 proposed to allow homeowner associations to enter into long term contracts with a maximum duration of 5 years for energy and water conservation. Current law restricted the term of these contracts to no longer than one year. C.A.R. supported AB 1328 because it would have removed unnecessary barriers to energy and water conservation in common interest developments, thus, helping the environment and enhancing the value of homes in CIDs.

Position: Support

Status: Vetoed by the Governor on October 11, 2009

AB 1422 (Bass) Affordable Housing Redevelopment – This bill would have provided redevelopment agencies with the authority to utilize some of their funds to assist local low or moderate income homeowners to mitigate their sub-prime loan difficulties and to purchase vacant foreclosed homes. The provisions of this bill would have sunseted January 1, 2013. C.A.R. supported AB 1422 because any step taken to remove foreclosed homes from the marketplace is a step towards re-invigorating local home ownership opportunities. AB 1422 was "gutted and amended" in the final weeks of the 2009 session to instead pertain to healthy families.

Position: Watch as Amended

Status: Died on the Senate Floor Due to Amendment

AB 1529 (Salas) Community Stabilization Home Loan Program - Existing law authorizes the California Housing Finance Agency (CalHFA) to assist first-time homebuyers in utilizing existing mortgage financing programs. AB 1529 would have permitted CalHFA to continue to use the Community Stabilization Home Loan Program and placed property eligibility restrictions on first-time homebuyers applying for the program. The bill required eligible properties to be vacant single-family detached homes that met the program's sales price restrictions based on county. Eligibility for the program could not be denied based upon the property's location. C.A.R. supported AB 1529 because it would have enhanced CalHFA's ability to assist first-time homebuyers.

Position: Support

Status: Died in the Assembly Housing and Community Development Committee

SB 111 (Correa) Mobile Home Residency Law Simplification - SB 111 was introduced to modestly reorganize and simplify the Mobile Home Residency Law (MRL). The intent was to make the MRL more "user friendly" without making any substantive changes in the law, essentially reorganizing sections more logically. C.A.R. would have supported SB 111 if it had been amended to include section titles for each MRL code section, which would have better assisted mobilehome owners in understanding the meaning of each section. SB 111 was amended to instead make minor technical changes to the MRL.

Position: Watch as Amended

Status: Signed by the Governor on October 11, 2009 (Chapter 558, Statutes of 2009)

SB 290 (Leno) Repeal of Sunset Date on 60-Day Notice Requirement for Termination of 1-year+ Tenancies - Current law requires an owner of a residential dwelling wishing to terminate a tenancy to provide at least 60-days' notice, in writing, when tenants have been in occupancy more than 12 months, and at least 30 days' notice prior to termination if any tenant or resident has resided in the dwelling for less than one year. This bill deletes the January 1, 2010 sunset date on this 60-day notice mandate, which if left in place would have repealed the 60-day notice requirement. C.A.R. opposed SB 290 and sought amendments to require tenants to give the same 60 days' notice for terminating a tenancy in excess of one year that is currently required for residential rental property owners.

Position: Oppose

Status: Signed by the Governor on October 11, 2009 (Chapter 347, Statutes of 2009)

Volume 2: Land Use, Environment & Infrastructure

AB 210 (Hayashi) Green Building Standards - Current law permits cities and counties to adopt local modifications to the state building code provided that those changes are at least as stringent as the state codes. C.A.R. supported the passage of AB 210 which provides a necessary clarification to current law, assuring that local jurisdictions do have the authority to adopt green building standards that are more stringent than those adopted by the state, but only if they follow

the same procedure currently in place to change any other local building codes, which is to make a finding of need for the more stringent standards.

Position: Support

Status: Signed by the Governor on August 5, 2009 (Chapter 89, Statutes of 2009)

AB 333 (Fuentes) Subdivision Map Expiration Dates - The Subdivision Map Act provides for the expiration of tentative maps, and specifically extends the expiration date 12 months for any approved tentative map that has not expired before January 2, 2011. This bill extends that expiration date 24 months for any tentative map that is set to expire before January 1, 2012, but has not expired prior to the enactment of AB 333. C.A.R. supported AB 333 because it will keep housing projects alive during these economically difficult times, which will allow the projects to go forward as soon as the housing market recovers.

Position: Support

Status: Signed by the Governor on July 15, 2009 (Chapter 18, Statutes of 2009)

AB 531 (Saldana) Energy Consumption Data Disclosure - Beginning January 1, 2009, AB 1103, which was signed into law in 2007, requires non-residential building owners to benchmark their building(s) energy consumption for the last 12-months using the United States Environmental Protection Agency's Energy Star Portfolio Manager (ESPM), and to disclose this data to a prospective buyer, lessee or lender beginning January 1, 2010. C.A.R. supported AB 531 which delays the implementation of AB 1103, allowing more time to fully develop the program, and gives the State Energy Commission the authority to establish regulatory guidelines and a schedule of compliance.

Position: Support

Status: Signed by the Governor on October 11, 2009 (Chapter 323, Statutes of 2009)

AB 758 (Skinner and Bass) Energy Audit - AB 758 is a reintroduction of AB 2678 (Nunez), the home energy audit and retrofit bill from 2008, where the California Energy Commission would have required energy audits and recommended retrofits to be made at point-of-sale. The point-of-sale language was removed at C.A.R.'s request. AB 758 did not include point-of-sale and instead ensures that any home energy audit or improvement will not unreasonably or unnecessarily affect the home purchasing process and must be cost effective. C.A.R. supported AB 758 because it tasks the State Energy Commission and Public Utilities Commission with creating a comprehensive statewide campaign of flexible cost-effective energy efficiency improvements for existing buildings that will not impact the home purchasing process.

Position: Support

Status: Signed by the Governor on October 11, 2009 (Chapter 470, Statutes of 2009)

AB 920 (Huffman) Net Metering - This bill permits owners of solar and wind renewable energy systems to receive compensation from their electric utility for any excess power generated at their home on an annual basis. Currently, utilities are not required to compensate homeowners for any energy their home systems may add to the grid. C.A.R. supported AB 920 because it ensures that property owners are given the necessary incentives to not only install renewable energy systems, but also to conserve the energy they produce. AB 920 also provides direct compensation to homeowners who are actively adding energy back to the grid.

Position: Support

Status: Signed by the Governor on October 11, 2009 (Chapter 376, Statutes of 2009)

AB 1085 (Mendoza) CARB Regulation "Sunshine" Law - This bill requires the California State Air Resources Board (CARB) to make all of the technical data used in the development and cost analysis of a proposed regulation available to the public. C.A.R. supported AB 1085 because it

will ensure that the public has access to data and assumptions as CARB develops new air quality and greenhouse gas regulations.

Position: Support

Status: Signed by the Governor on October 11, 2009 (Chapter 384, Statutes of 2009)

AB 1105 (Blakeslee) Building Energy Retrofit Revolving Loan Program - This bill would have required the State Energy Commission to establish the Building Energy Retrofit Revolving Loan Program for nonresidential buildings built prior to July 1, 1978. C.A.R. supported AB 1105 because providing an alternate loan program to commercial buildings, in a time where credit is increasingly more difficult to obtain, would have greatly benefitted owners seeking to cut down on energy use and would have provided an economically feasible way to comply with new state and federal energy efficiency standards.

Position: Support

Status: Died in the Assembly Natural Resources Committee

AB 1107 (Blakeslee) California Environmental Protection Agency (Cal-EPA) Economic Analysis - AB 1107 would have prohibited Cal-EPA departments, boards, and offices from adopting rules and regulations unless they had completed an economic analysis that could have been presented in conjunction with the proposed regulation for public hearing and comment. The economic analysis would have evaluated the costs and benefits of a proposed rule. The bill also permitted any interested party to request that the economic analysis be subject to external peer review, at which point the requesting party would have been obligated to cover all costs associated to the external review. C.A.R. supported AB 1107 because it would have required Cal-EPA to thoroughly vet the economic impacts of proposed regulations and created a uniform process that promoted transparency.

Position: Support

Status: Died in the Assembly Environmental Safety and Toxic Materials Committee

SB 310 (Ducheny) Water Quality and Stormwater Runoff - This bill broadens the authority of local water districts to provide a comprehensive stormwater management service and authorizes a local water district to construct and maintain facilities to manage and treat stormwater by creating a stormwater diversion and treatment system to deal with urban runoff. C.A.R. supported SB 310 because it will facilitate coordination between local governments, agencies and districts when developing necessary programs and plans to address stormwater drainage and watershed protection goals for an entire region.

Position: Support

Status: Signed by the Governor on October 11, 2009 (Chapter 577, Statutes of 2009)

SB 488 (Pavley) Energy Efficiency Financing - As introduced, C.A.R. supported SB 488 which would have removed the financial barrier to improving energy efficiency in existing homes and commercial buildings. The bill proposed to establish an energy efficiency financing program that would have allowed energy efficiency improvements to be financed by an on-bill cost-avoidance financing program funded by the energy saved with the improvements. As amended, SB 488 instead requires utilities, on or before July 1, 2010, to periodically disclose a residential customer's energy usage compared to other residences on their billing statement. The bill requires utilities to identify those residences that use significantly more energy than similar residences, and to provide information to those subscribers on energy saving strategies and programs. C.A.R. favored the passage of SB 488 because the program and energy usage information will empower residents to not only lower their energy usage, but their utility bill.

Position: Favor

Status: Signed by the Governor on October 11, 2009 (Chapter 352, Statutes of 2009)

Volume 2: Taxation

SB 17 of the Third Extraordinary Session (Ducheny), AB 19 of the Third Extraordinary Session (Evans) and SB 19 of the Fourth Extraordinary Session (Ducheny) 3% Withholding for Independent Contractors - C.A.R. opposed a budget proposal, intended to bridge the state's budget gap, that would have forced those making payments to independent contractors to withhold 3%. This would have been in addition to the quarterly estimated tax payments independent contractors must pay. This provision was included in several proposals intended to increase revenues to the state. The Governor vetoed one of these proposals, while the others were defeated in the legislature.

Position: Oppose

Status: Defeated

AB 111 (Niello) and SB 97 (R. Calderon) Cancellation of Mortgage Indebtedness - The federal government enacted the Mortgage Debt Relief Act of 2007 that permitted 3 years of mortgage debt relief by not requiring borrowers to pay income tax on debt forgiven in a "short" sale. In late 2008 the federal government extended this relief through December 31, 2012. In 2008, California enacted SB 1055 which provided conformity with the federal statute for the 2007 and 2008 tax years. AB 111 and SB 97 would fully conform to the federal rule and extend debt forgiveness on "phantom" income through December 31, 2012. (see also, SB 401, SB 32 of the Eight Extraordinary Session, AB 1779 and SB 14 of the Sixth Extraordinary Session)

Position: Support

Status: (AB 111) Died in the Assembly Revenue and Taxation Committee; (SB 97) Died in the Senate Revenue and Taxation Committee

AB 183 (Caballero & Ashburn) Homebuyer Tax Credit – AB 183 provides \$200 million for homebuyer tax credits for new AND existing homes. The bill allocates \$100 million for qualified first time home buyers of existing homes and \$100 million for purchasers of new, or previously unoccupied, homes. These tax credits are available for taxpayers who purchase a qualified principal residence on or after May 1, 2010, and before January 1, 2011. Additionally, these tax credits are available for taxpayers who purchase a qualified principal residence on or after December 31, 2010, and before August 1, 2011, pursuant to an enforceable contract executed on or before December 31, 2010. The purchase date is defined as the date escrow closes. These tax credits are limited to the lesser of 5 percent of the purchase price or \$10,000 for a qualified principal residence. Taxpayers must apply the total tax credit in equal amounts over 3 successive tax years (maximum of \$3,333 per year) beginning with the tax year in which the home is purchased. (Note: C.A.R. also supported AB 5 of the Sixth Extraordinary Session (Caballero), SB 3 of the Sixth Extraordinary Session (Calderon), SB 4 of the Sixth Extraordinary Session (Ashburn), and SB 913 (R. Calderon) which also contained housing tax credits similar to AB 183. Because AB 183 was approved by the legislature and subsequently enacted, these measures are no longer being pursued by their respective authors.) (see also, SB 15 of the Second Extraordinary Session, SB 49 and AB 765)

Position: Support

Status: Signed into Law by the Governor on March 25, 2010 (Chapter 12, Statutes of 2010)

AB 321 (Niello) Retention of Spouse's Eligibility Under Proposition 60 - Proposition 60 allows a homeowner 55 years of age or older to transfer – on a one-time basis – their property tax base year value to another home of equal or lesser value. Currently, married homeowners can transfer the property tax base year value of their home to another home based on the qualification of one of the spouses. Unfortunately, the other spouse loses the ability to similarly transfer the base year value of a property. If the two individuals were not married, both individuals would be able to transfer the base year value of their home one time. This measure would have

preserved the ability of the non-qualifying spouse to subsequently transfer the base year value of that, or another home subsequently owned by that individual. C.A.R. supported AB 321 because it addressed this inequity by proposing to amend the existing statute so that the non-qualifying spouse was not considered a "claimant" of the Proposition 60 benefit.

Position: Support

Status: Died in the Assembly Appropriations Committee

AB 474 (Blumenfield) Water Efficiency Improvements - Existing law, created by AB 811 of 2008, permits cities and counties to designate an area within its jurisdiction where local government officials and willing property owners can enter into contractual agreements to finance the installation of energy efficiency improvements on existing homes. AB 474 permits these contractual agreements to also be applied to water efficiency improvements made to real property. C.A.R. supported the passage of AB 474 because it offers a workable alternative to point-of-sale for water efficiency upgrades to existing property. Utilizing a voluntary contractual obligation between property owners and utilities through both public and private incentives allows homeowners to more affordably make the appropriate upgrades to their homes.

Position: Support

Status: Signed by the Governor on October 11, 2009 (Chapter 444, Statutes of 2009)

AB 902 (Torres) Foreclosed Homes Income Tax Credit - AB 902 would have granted purchasers of foreclosed homes, whose annual gross income was no more than 120% of the area's median income, a tax credit equal to two percent of the cost of the home up to \$3,000. The credit would have been available to buyers purchasing the foreclosed property as a principal residence if the purchase was made after January 1, 2009, and before January 1, 2012. Unfortunately, AB 902 was amended in May 2009 to fund this tax credit by repealing mortgage interest deductions for second homes from January 1, 2010, through January 1, 2012. C.A.R. opposed AB 902 and sought amendments to utilize an alternative funding source.

Position: Oppose Unless Amended

Status: Died in the Assembly Revenue and Taxation Committee

SB 49 (Dutton) Housing Tax Credit - SB 15 of the Second Extraordinary Session, which was signed into law as part of the "marathon" negotiations on the state budget, created a tax credit for new home purchasers equal to 5% of the sale price of a home, not to exceed \$10,000. The credit is only available for the purchase of new, or previously unoccupied, homes between March 1, 2009 and March 1, 2010. The current program authorized by SB 15 of the Second Extraordinary Session allocated \$100 million in state funds to provide these tax credits. By the end of April, more than \$40 million of the tax credit funds had been allocated. SB 49 was amended in April to remove the \$100 million funding cap for the tax credits for homes purchased prior to December 1, 2010. C.A.R. supported SB 49 because the revisions to the state housing tax credit would have further assisted the recovery of California's housing economy. (see also, SB 15 of the Second Extraordinary Session, AB 183 and AB 765)

Position: Support

Status: Died in the Senate Revenue and Taxation Committee

SB 97 (R. Calderon) Conforms to Original Federal Debt Forgiveness Legislation – see AB 111 (Niello) on page 25.(see also AB 1779, AB 7 of the Sixth Extraordinary Session, SB 14 of the Sixth Extraordinary Session, SB 401, SB 32 of the Eighth Extraordinary Session)

Position: Support

Status: Senate Revenue and Taxation Committee

SB 274 (Dutton) Transfer to More Expensive Home - Currently, Proposition 60 allows a homeowner 55 years of age or older to transfer, on a one-time basis, their property tax base year value to another home of equal or lesser value. This measure would have allowed senior

homeowners to transfer their property tax base year value to a more expensive home; however, the difference in value between the original and replacement homes would have been added to the base year value, which would have eliminated any negative fiscal impacts on government. C.A.R. supported SB 274 because it protected seniors who are often on a fixed and/or limited income from property tax increases that can occur when purchasing a new home.

Position: Support

Status: Died in the Senate Revenue and Taxation Committee

SB 279 (Hancock) Mello-Roos Districts/Energy Efficiency - This bill would have authorized a Mello-Roos District to finance the acquisition and installation of energy efficiency improvements on public and privately owned real property. C.A.R. opposed SB 279 until it was amended to allow Mello-Roos districts to finance energy efficiency improvements, but only if those districts are formed through an alternative method that assessed only those homeowners who opted-into the district.

Position: Watch as Amended

Status: Vetoed by the Governor on October 11, 2009

SB 306 (Calderon) Real Property Transactions - Created in 1982, the Escrow Agents' Fidelity Corporation (EAFC) serves to indemnify escrow agents against certain losses. EAFC membership is required for each person licensed under the Escrow Law who engages in the business of receiving escrows for deposit or delivery of real property transactions. As introduced, SB 306 appeared to exempt money or property held by, or deposited with, a person acting as an exchange facilitator from real property escrows for which EAFC is required to provide fidelity coverage. C.A.R. opposed SB 306 until it was amended to clarify that this provision only applies to funds placed with an escrow to meet the financial responsibility requirements imposed on exchange accommodators by last year's SB 1007, which requires all exchange funds be deposited in a qualified escrow account or qualified trust.

Position: Favor

Status: Signed by the Governor on August 5, 2009 (Chapter 43, Statutes of 2009)

SB 676 (Wolk) Recording Fees - C.A.R. opposed SB 676 which proposes to increase the cost for recording the first page of a document from \$4 to \$10 without any reference to the actual cost of providing the recording service. C.A.R. argued that the amount of the recording fee should be limited to the actual cost of providing the service, and was concerned that SB 676 was merely intended to increase revenue for local governments. In order to satisfy C.A.R.'s concerns, SB 676 was amended to limit the recording fee to actual costs up to a maximum of \$10. With this amendment, C.A.R. removed its opposition.

Position: Watch as Amended

Status: Signed by the Governor on October 11, 2009 (Chapter 606, Statutes of 2009)

SB 15 of the Second Extraordinary Session (Ashburn) Housing Tax Credit - SB 15 of the Second Extraordinary Session allocated \$100 million from the state's general fund for a "new" home purchaser tax credit. The credit was only available for new, or previously unoccupied, homes purchased between March 1, 2009 and March 1, 2010. This credit was equal to 5% of the purchase price, not to exceed \$10,000. The bill requires purchasers to live in the home for at least two years or forfeit the credit (i.e. repay it to the state). C.A.R. sought amendments to expand this credit to all homes. (see also, AB 183, AB 765, and SB 49)

Position: Oppose Unless Amended

Status: Signed by the Governor on February 20, 2009 (Chapter 11, Statutes of 2009)

SB 32 of the Eighth Extraordinary Session (Wolk) Federal Tax Conformity - This bill was a tax conformity bill which, among other things, would have conformed to the federal law which

does not require borrowers to pay income tax on debt forgiven in a “short sale” through December 31, 2012. The Governor stated that he could not support the measure due to objections to some of the other provisions in the bill, but said that he would sign a “stand alone” measure extending debt forgiveness on “phantom income.” While C.A.R. supports phantom income debt forgiveness, it did not support SB 32 of the Eighth Extraordinary Session as it contains other provisions. (see also, AB 111, SB 97, AB 1779, AB 7 of the Sixth Extraordinary Session, SB 14 of the Sixth Extraordinary Session and SB 401)

Position: Watch as Amended

Status: Vetoes by the Governor on March 25, 2010

C.A.R. Policy Positions

C.A.R., through its policy committees and Board of Directors, may take any of nine different positions on pending legislation. These positions range from strongest opposition to the strongest possible support through sponsorship. The positions are set out below:

- **SPONSOR** - The proposal is required in order to further C.A.R. policy objectives and is worthy of the highest prioritization and allocation of C.A.R. resources.
- **SUPPORT** - The proposal is consistent with C.A.R. policy and is so beneficial that it merits an unsolicited expenditure of legislative resources. It is relatively rare for such legislation to be introduced unless C.A.R. input has been solicited in advance of its drafting.
- **SUPPORT IF AMENDED** - The proposal is one of interest to C.A.R., but does not merit active support. Like its counterpart in opposition, it connotes a lower priority of resource allocation and represents a target of opportunity rather than a concerted legislative campaign.
- **OPPOSE** - The proposal is one so offensive to C.A.R. policy that it cannot avoid C.A.R. opposition by any amount of amendment. This position may be adopted to make a statement as to the depth of opposition or to keep a policy issue squarely before the Legislature and not confused by tempering amendments.
- **OPPOSE UNLESS AMENDED** - The proposal is one that cannot be reconciled with C.A.R. policy in its present form, but may be salvaged by amendment. The position calls for a more conciliatory posture from legislative staff than “OPPOSE”, and tends to receive a lower priority than the all out attack that results from undiluted opposition.
- **NOT FAVOR** - The proposal is inconsistent with C.A.R. policy, but opposition is of a lower priority than either “oppose” positions. Opposition will be expressed as resources are available, but an active campaign will not be waged. Position is relatively common in the situation where an objectionable bill has been watered down to the point that active opposition is no longer merited, but the bill is still flawed.
- **FAVOR** - The proposal is a good idea based upon its consistency with C.A.R. policy goals, but does not merit active support. In addition, there is no particular amendment to be sought that would raise it to a higher level of support. Position is relatively common and will usually result in a public statement of support if a request is received from the legislative author.
- **AMEND** - Staff will seek changes in the proposal to be more consistent with C.A.R. policy, but support will not result from the amendment, nor will the bill be opposed if the changes are rejected.

- **WATCH** - The proposal involves an area of interest to C.A.R., but is not one that merits the expenditure of lobbying resources to either pass or defeat it. This position is often the result of "OPPOSE UNLESS AMENDED" being successfully pursued.