CALIFORNIA ASSOCIATION OF REALTORS®

Minutes

www.car.org

January 19 – 20, 2007

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CALIFORNIA ASSOCIATION OF REALTORS® EXECUTIVE COMMITTEE
Portola Plaza Hotel
Monterey, California

CALL TO ORDER

The meeting was called to order by President Colleen Badagliacco at 1:00 p.m. on January 17, 2007.

ATTENDANCE

Members Present: President Colleen Badagliacco, President-Elect Bill Brown, Treasurer James Liptak, Kevin Brown, Phyllis Carmichael, Virginia Field, Liz Fitzgerald, Dale Gray, Heath Hilgenberg, Beverly James, Vince Malta, Lisa Muetterties, Leslie Munger, Joel Singer (Ex-Officio), Dave Tanner, Steve White, Kelvin Wong

Also Present: 2007 Regional Chairs, 2007 Committee Liaisons

Parliamentarian: Tim Hegstrom

Staff Present: Lynette Flores, Helen Parrino, Rick Shumacher

APPROVAL OF MINUTES

It was Moved, Seconded and CARRIED to approve the minutes of the October 18 - 21, 2006 in Long Beach, California.

REPORT OF THE PRESIDENT

President Badagliacco reported on the 2007 Presidential Appointments of the Executive Committee, Directors at Large, and Trustee Groups, to be presented for approval by the Board of Directors. *(See Attachment D)*

A special Executive Committee meeting has been scheduled for September 18, 2007 to review the 2008 – 2010 strategic plan and budget prior to the October meeting of the Board of Directors.

President Badagliacco made note of the assignments each Executive Committee member has with respect to serving as a Liaison to the C.A.R. Regions.

President Badagliacco reported on several of the significant issues expected to be discussed in committees during the week, and noted that the C.A.R. Campaign Guidelines and Nominating Committee Procedures had been distributed to the Executive Committee and Regional Chairs for review.

Resolution of Appreciation Vince Malta

It was Moved, Seconded and CARRIED to approve a special resolution recognizing Vince Malta's outstanding year as President of the California Association of REALTORS® in 2006. *(See Attachment B)*

Larry Fargher, California Distinguished REALTOR® Award

It was Moved, Seconded and CARRIED to approve a special resolution of grateful appreciation in honor of the selection of Larry Fargher as the recipient of the California Distinguished REALTOR® Award for the year 2006. *(See Attachment C)*

REPORT OF THE PRESIDENT-ELECT

President-Elect Bill Brown spoke about the timing of the committee selection process for 2008, and reported that photography services will be provided by C.A.R. in Monterey for Directors to update their photo on their Free Member Web Page on C.A.R. Online.

REPORT OF THE TREASURER

Strategic Planning and Finance

Treasurer James Liptak, Chair of the Strategic Planning and Finance Committee, reported on the state of the Association's finances and continued growth of the membership.

It was Moved by James Liptak, Treasurer and Chair of the Strategic Planning and Finance Committee, Seconded and CARRIED, to approve an augmentation to the 2007 capital budget in the amount of $270,000 to replace the ceilings on the 2nd, 3rd and 4th floors of the C.A.R. headquarters building in Los Angeles.

Action of Directors: Approved

It was Moved by James Liptak, Seconded and CARRIED, to approve up to $550,000 for implementation of a comprehensive redesign and infrastructure upgrade of C.A.R.'s primary Web site CAR.ORG, and other subsidiary Web sites.

Action of Directors: Approved

It was Moved by James Liptak, Seconded and CARRIED to approve $24,000 for C.A.R.'s share of the Single Sign On program.

Action of Directors: Approved

It was Moved by James Liptak, Seconded and CARRIED to approve $228,400 for the REALTOR® Value Proposition Proactive Media Campaign. The purpose of the campaign is to address negative images of REALTORS® in the media by developing and implementing a public relations initiative that will demonstrate the REALTOR® value proposition to consumers. The campaign will consist of educating the public about the benefits of using a REALTOR® when buying or selling a home, and demonstrating that REALTORS® are qualified professionals who bring a tremendous amount of value and expertise to the real estate transaction; communicating with C.A.R. members on how they can demonstrate their value to potential customers, and how C.A.R. is supporting their interests.

Action of Directors: Approved

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

REPORT OF THE EXECUTIVE VICE PRESIDENT/STATE SECRETARY

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

CONSENT AGENDA

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

See Consent Agenda Action Items – Attachment A

SPECIAL REPORTS

Standard Forms Transaction Task Force
Ann Throckmorton, Chair

Ann Throckmorton, Chair of the Standard Forms Transaction Task Force, presented a final report with the group's conclusions and recommendations.

The mission of the Standard Forms Transaction Task Force is to make recommendations to the C.A.R. Board of Directors regarding the following:
--the potential for altering statutory and regulatory disclosure requirements to optimize the residential real estate transaction, reduce risk for REALTORS® and their clients, and eliminate unnecessary forms
--the need to increase consumer understanding of the transaction process while ensuring that disclosure requirements are met in the most effective manner for agents and brokers
--the way that forms are used in transactions involving parties that do not speak English, and how changes to the forms affect such transactions
--Consideration should also be given to the effect of standard forms in controlling roles played by inspectors and disclosure reporting entities, potential consolidation of redundant forms and confusion about which forms to utilize for a given transaction

The Task Force will report to the Board of Directors by January 2007.

It was Moved, Seconded and CARRIED, to adopt the Final Report of the Standard Forms Transaction Task Force.

(See Attachment D for a copy of the Final Report)

MLS Working Group
Gary Thomas, Chair

It was Moved, Seconded and CARRIED, that C.A.R. authorize the MLS Working Group to develop a detailed business plan to create an aggregated Statewide listing database for review at the June 2007 Business Meeting.

Action of Directors: Approved

It was Moved, Seconded and CARRIED, that C.A.R. authorize the MLS Working Group to develop a detailed business plan to create a Statewide MLS that would comply with the 6 principles for review at the June 2007 Business Meetings. In addition, local MLS and Associations are encouraged to limit long term contractual commitments extending beyond December 2008.

Action of Directors: Approved

It was Moved, Seconded and CARRIED, that the Strategic Planning and Finance Committee accelerate their efforts to establish a trusted public site for consumer access to a broad range of consumer real estate needs.

Action of Directors: Approved

COMMITTEE REPORTS

Common Interest Development
Steve Delmartini, Chair

Consumer Information Booklet

It was Moved, Seconded and CARRIED, that C.A.R. develop a consumer information booklet for Common Interest Developments based on the rough draft booklet developed by the CID Committee as framework for that effort.

Action of Directors: Approved

Federal Issues
Malcolm Bennett, Chair

Retirement Visa Designation

It was Moved, Seconded and CARRIED, that C.A.R. recommends to NAR that NAR not pursue the issue of creating a new U.S. retirement visa designation.

Action of Directors: Amended to state that C.A.R. recommends to NAR that NAR continue to explore the issue of creating a new U.S. retirement visa designation.

Privacy Law

It was Moved, Seconded and CARRIED, that C.A.R., in conjunction with NAR, pursue a small business exclusion in any federal data privacy legislation and oppose federal preemption of state data privacy laws.

Action of Directors: Approved

Telecommunications Law

It was Moved, Seconded and CARRIED, that C.A.R., in conjunction with NAR, adopt a neutral position on proposed 'net neutrality' provisions in any federal telecommunications legislation.

Action of Directors: Approved

Property Tax and Disaster Relief

It was reported for information only that the Federal Issues Committee referred the following item to the Taxation Committee: That C.A.R, in conjunction with NAR, seek and support a requirement of state/counties to extend the repayment of property taxes and disallow the taking of property via property tax default when the entity requests or is given federal natural disaster relief for those properties in affected area(s).

Housing Opportunity
Heidi Rickerd-Rizzo, Chair

Disapproval or Downsizing of Housing Projects

It was Moved, Seconded and CARRIED, that C.A.R move forward with the previously approved "spot" bill in cooperation with the League of Cities to direct the Department of Housing and Community Development to define the factors and findings regarding neighboring area housing needs that must be used whenever a housing project is disapproved or downsized.

Action of Directors: Approved

NOTE: During the October 2006 meeting the Board of Directors approved a motion to introduce a C.A.R. SPONSORED "spot" bill to require local governments that reduce the number of proposed lots in a subdivision to adopt findings and declarations demonstrating the impact the reduction has on adjacent communities.

IMPAC Trustees
Greg Haas, Chair

IMPAC Contributions

It was reported for information only that the State IMPAC Trustees approved the following contributions:
--$17,500 to the Civil Justice Association of California for annual membership dues
--$17,500 to the Pacific Legal Foundation's litigation program in defense of private property rights
--$20,000 to the California Natural Resources Group to support reforms of the Endangered Species Act
--$25,000 to the Residents Against Planning Restrictions to oppose a no-growth initiative in the city of Sierra Madre at the request of the Arcadia Association of REALTORS®
--$120,000 to fund an earned media/education campaign to support the passage of C.A.R. sponsored legislation on Private Transfer Tax.

Land Use and Environmental
Carol Banner, Chair

Williamson Act

It was reported for information only that the Standard Forms Committee is urged to consider adding disclosure language regarding the Williamson Act into the statewide buyer/seller advisory form.

Legislative
Steve Goddard, Chair

Private Transfer Tax

It was Moved, Seconded and CARRIED, that C.A.R. sponsor legislation to require a separate seller disclosure to potential home buyers as to whether the home they are considering purchasing requires the payment of a Private Transfer Tax (PTT), the percentage of the home price constituting the PTT (possibly with dollar amount examples), and/or the duration of the PTT, and that it may potentially affect the future resale value of the property.

Action of Directors: Approved

Membership
West De Young, Chair

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

Standard Forms Advisory
Steve Weiss, Chair

It was reported for information only that the Standard Forms Advisory Committee received reports from 17 regional representatives. Of note, the Agent Visual Inspection Disclosure form (AVID) was generally supported. The committee heard a request to provide a form to be supplied to escrow or other agencies seeking donations from participants to the real estate transaction for the Housing Affordability Fund. The committee determined that this request would be better addressed via a promotional flyer found on the C.A.R. website. The committee approved the recommendation from the Standard Forms Transaction Task Force to adopt the eight guidelines informally used as a standard checklist or worksheet for forms development. The balance of the recommendations will be reviewed by the committee at the June meeting. The committee reviewed two drafts of the Buyer Inspection Elections (BIE) and determined not to proceed with this form. Additionally the committee reviewed

the issue of how to address private transfer tax within C.A.R. Standard Forms. Language will be added to the Statewide Buyer and Seller Advisory (SBSA) in April 2007 and possibly the Seller Property Questionnaire (SPQ). The committee also agreed to revise the title of the "Buyer Broker Agreement" forms to "Buyer Representation Agreement". Two drafts involving manufactured homes were presented. The Manufactured Home Purchase Agreement Addendum and the Manufactured Home Advisory and Release of Liability drafts were both approved for release in April 2007. The committee reviewed 22 of the 62 comments received and will hold a follow up conference call to discuss the remaining items.

TAXATION
Robert Kevane, Chair

Employer Assisted Housing Tax Incentives

It was Moved, Seconded and CARRIED, that C.A.R., in conjunction with NAR, support income tax-based incentives for employer-assisted housing as part of a housing affordability strategy.

Action of Directors: Approved

Property Tax Basis Portability

It was reported for information only that the Taxation Committee recommends that the President of C.A.R. appoint a task force to research the issue of property tax basis portability, and report to the Board of Directors in June 2007.

ADJOURNMENT

There being no further business, the meeting was adjourned at 7:50 a.m. on January 20, 2007.

ATTACHMENT A – CONSENT AGENDA

CONSENT AGENDA

Membership

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

Arcadia AOR
Elmer Black

Barstow AOR
Carrie Hamilton

Beverly Hills/Greater LA AOR
Shirley Wells

Citrus Valley AOR
Catherine Delva
William Franklin

Conejo Valley AOR
Alexander Manos, Sr.

Delta AOR
Rachel Baldocchi
Nordyn Anderson

Downey AOR
Helen Lancaster
John Waters

Greater Antelope Valley AOR
Michael O'Connor
John Thomas Gardner

Humboldt AOR
Frank Scolari

Kern River-Lake Isabella BOR
Marceille Robbins
Lucille Thornton

Laguna BOR
Genelle McRoberts

Montebello District BOR
Ralph Richard Lopez

Pacific West AOR
Margaret Boyle

Pasadena-Foothills AOR
Beverly Behr

Ljiljana Grozdanic
Ann Elizabeth Pendo

Simi Valley-Moorpark AOR
Helen Schmock

Southland Regional AOR
Barbara Bernhardt
Joseph Carnahan
William Palmer

Sutter-Yuba AOR
Betty Boyd

2. That the Statement of Income and Expenses by program for the eleven months ending November 30, 2006 be approved.

CONSENT AGENDA

Strategic Planning and Finance

Total C.A.R.
Revenue of $32,990,800
Expenses of $23,018,000
An excess of income over expenses of $9,972,800

Political Activities Fund
An excess of income over expenses of $1,240,300

Issues Action Fund
An excess of income over expenses of $1,205,700

The C.A.R. Balance Sheet as of November 30, 2006

Total assets of $45,481,700 (of which $31,898,300 are current assets)
Total liabilities of $4,126,800 (of which $3,889,400 are current liabilities)
C.A.R. Fund Balance of $41,354,900

3. That the Projected Statement of Income and Expenses by program for the year ending December 31, 2006 be approved.

CONSENT AGENDA

Strategic Planning and Finance

Total C.A.R.
Revenue of $33,165,800
Expenses of $26,737,200
An excess of income over expenses of $6,428,600

Political Activities Fund
An excess of income over expenses of $1,087,400

Issues Action Fund
An excess of income over expenses of $1,121,300.
This amount will be allocated to IMPAC as approved by the Directors.

ATTACHMENT B

CALIFORNIA ASSOCIATION OF REALTORS®
A RESOLUTION OF GRATEFUL APPRECIATION
TO VINCE MALTA
January 19, 2007

BE IT KNOWN: The Board of Directors of the CALIFORNIA ASSOCIATION OF REALTORS® does hereby adopt this Resolution as a means of recording for posterity its appreciation for your outstanding leadership as the 99th President of this great Association.

WHEREAS, Vince Malta has established a lengthy and exceptional record of personal commitment and volunteer service to the real estate industry at the local, state and national levels; and

WHEREAS, Your leadership was a guiding force for the implementation of programs, services and educational opportunities that benefit members as they conduct their daily business; and

WHEREAS, Under your direction, the Association made important strides to reach out to a broad diversity of members and prospective members; and

WHEREAS, During your term, the Association was well represented in its efforts to implement sound public policy at both the state and national levels; and

WHEREAS, By virtue of your friendship, loyalty, dedication and commitment to the real estate community and the public, you leave this Association a legacy of leadership and progress that will endure; therefore, be it

RESOLVED, That your fellow officers, directors and members of the CALIFORNIA ASSOCIATION OF REALTORS® do hereby convey to you, Vince Malta, our gratitude for your outstanding leadership, and look forward to your continued contributions in the future.

ATTACHMENT C

CALIFORNIA ASSOCIATION OF REALTORS®
A RESOLUTION OF GRATEFUL APPRECIATION
TO LAWRENCE FARGHER
January 19, 2007

RECIPIENT OF THE 2006 CALIFORNIA DISTINGUISHED REALTOR® AWARD

BE IT KNOWN: The Board of Directors of the California Association of REALTORS® does hereby adopt this resolution as a means of recording for posterity its appreciation for your outstanding contributions to organized real estate which led to your selection as recipient of the 2006 California Distinguished REALTOR® Award -- the highest honor the Association can bestow upon any member; and

WHEREAS, You have established a continued exceptional record of personal commitment and service to the cause of REALTORS® as an active member of the Santa Clara County Association of REALTORS®, the California Association of REALTORS®, and the National Association of REALTORS®; and

WHEREAS, You have met or exceeded all of the criteria necessary to be considered for this award, including at least 20 years as a California REALTOR®, demonstration of outstanding service to the Association for at least 20 years, in particular serving as a C.A.R. Director-for-Life; and

WHEREAS, Your vision and many contributions have helped the Association and its members through many challenging years marked by a host of major housing issues and an ever-changing real estate environment; therefore, be it

RESOLVED, That the officers, directors and members of the California Association of REALTORS® do hereby convey to you, Lawrence Fargher, 2006 recipient of the California Distinguished REALTOR® Award, our gratitude for your many years of outstanding service and leadership, and look forward to your continued contributions in the future.

ATTACHMENT D

STANDARD FORMS TRANSACTION TASK FORCE
FINAL REPORT – JANUARY 18, 2007

The mission of the Standard Forms Transaction Task Force is to make recommendations to the C.A.R. Board of Directors regarding the following:
--the potential for altering statutory and regulatory disclosure requirements to optimize the residential real estate transaction, reduce risk for REALTORS® and their clients, and eliminate unnecessary forms
--the need to increase consumer understanding of the transaction process while ensuring that disclosure requirements are met in the most effective manner for agents and brokers
--the way that forms are used in transactions involving parties that do not speak English, and how changes to the forms affect such transactions
--Consideration should also be given to the effect of standard forms in controlling roles played by inspectors and disclosure reporting entities, potential consolidation of redundant forms and confusion about which forms to utilize for a given transaction
The Task Force will report to the Board of Directors by January 2007.

Membership: Ann Throckmorton, Chair, Sharon Bowler, David Cabot, Allen Chiang, Miguel Garcia, Annette Graw, Kathy Mehringer, Clay Sigg

C.A.R. staff: Stan Wieg, Gov Hutchinson

The Task Force was appointed in the summer of 2006 and held its first meeting on October 17, 2006 in connection with the Board of Directors meeting. The Task Force met again by conference call on November 16, 2006 and again in person on December 4, 2006 and January 12, 2007. The Task Force reviewed extensive background material on the different types of forms, their origins and purposes, and discussed the processes by which forms are created or updated. The Task Force also reviewed research regarding agent and the public's perceptions and expectations of the transaction. The Task Force also received a demonstration of the development of the new Forms Advisor software product.

Conclusions and Recommendations:
- Incomplete education and training of agents remains the greatest challenge regarding standard forms and transaction products. C.A.R. should continue to provide training opportunities and materials for brokers, agents and trainers.
- The Task Force recommends that the eight guidelines informally used by the Standard Forms Advisory Committee when considering or developing new forms be adopted as a standard checklist or worksheet for forms development.
- Requests for new or revised forms may be an early indicator of changes in the marketplace. Standard Forms and Governmental Affairs should coordinate closely to identify needed changes in law or practice.
- C.A.R. should continue to strive to be the single source for transactional forms and not send members to secondary sources.

- REALTOR® members do not have too many forms so much as they have too many choices in forms. C.A.R. should provide more guidance and education as to which form or series of forms to select.
- Detailed checklists of actions to be taken by licensees in transactions have the potential downside of changing the legal standard of care. Creating additional transactional activity checklists should be avoided.
- The Task Force endorses the conclusion of the Foreign Language Task Force to concentrate on

English language forms. C.A.R. should oppose any attempted mandates to translate additional forms. The Task Force supports continued availability of multilingual education, consumer and training, materials.

Additional Recommendations:

- C.A.R. should continue to pursue development of Relay™ as the centerpiece of a seamless software "suite" that integrates WINForms® and Real Estate Forms Advisor as a member benefit.
- The next generation of the suite should include locally required (city, county or special district) forms or disclosures. The suite should provide a simplified process to add broker and local association forms.
- The WINForms® catalog should provide a link within each form to the relevant legal article (Q&A) on C.A.R.'s website, and to the explanatory paragraph in the electronic guide to standard forms (Forms Tutor).
- The C.A.R. Legal Department should prepare recommended WINForms® libraries of forms in their chronological order of use specific to common sorts of transactions. This series or "library" of forms should be accompanied by the links to information discussed above and should anticipate the same approach in the Forms Advisor software.
- C.A.R. should provide agents with content for their own websites with the goal of educating the public about the transactional process. The material should be available to REALTORS® through the C.A.R. website to link to or download.

Forms that should be considered for consolidation include:

1. The Statewide Buyer and Seller Advisory (SBSA) should be combined with the Seller's Advisory (SA) and the Buyer's Inspection Advisory (BIA).
2. The Seller Property Questionnaire (SPQ) and the Supplemental Statutory and Contractual Disclosure form (SSD) should be combined.
3. The Buyer Non-Agency (BNA) and Seller Non-Agency (SNA) forms should be combined.
4. The Smoke Detector Statement of Compliance (SDS) and Water Heater Statement of Compliance (WHS) should be combined.
5. The Database Disclosure Form (DBD) should be eliminated.
6. The Release of Contract (RC) form, having been supplanted by the Cancellation of Contract (CC) form, should be eliminated.