CALIFORNIA ASSOCIATION OF REALTORS®

Minutes

www.car.org

June 6 – 9, 2007

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

CALL TO ORDER

The meeting was called to order by President Colleen Badagliacco at 2:00 p.m. on June 6, 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, Joel Singer (Ex-Officio), Dave Tanner, Steve White, Kelvin Wong

Excused Absence: Leslie Munger

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 January 24 - 27, 2007 meeting in Monterey, California.

REPORT OF THE PRESIDENT

President Badagliacco reported on some of the key issues and Task Forces which are expected to come forward at these meetings.

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.

REPORT OF THE PRESIDENT-ELECT

President-Elect Bill Brown provided an overview of the items on the Regional Chairs Committee agenda, and spoke about the C.A.R. and NAR committee selection processes for 2008.

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 on the successful audit conducted by the Association's new auditors. He also noted the planned presentation on consumer web sites at the SPF Forum.

It was Moved by James Liptak, Treasurer and Chair of the Strategic Planning and Finance Committee, Seconded and CARRIED, that seed money of $20,000 be provided to the C.A.R. Education Foundation. The purpose of this request is to award the REALTOR® Applicants who have successfully

completed the requirements set forth in the Policies and Procedures, and in accordance with the rules governing the distribution of said funds.

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. While overall performance is exceeding budget expectations, there has been a significant impact from the decreasing sales of paper Standard Forms.

CONSENT AGENDA

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

See Consent Agenda Action Items – Attachment A

SPECIAL REPORTS

MLS Working Group
Gary Thomas, Chair

It was Moved, Seconded and CARRIED:

That prior to the issuance of an RFP for Information Engineering, C.A.R. will meet with the current groups (NCREX, Quattro, and CDU) to review in depth their technical work and to maximize use of their work product in the Statewide Information Engineering effort.

That C.A.R. authorize up to $500,000 for the Information Engineering effort necessary to facilitate the development of either a Statewide Data Aggregation and/or a Statewide MLS, accelerating the implementation of either plan.

That C.A.R. develop more detailed implementation plans for both a Statewide Data Aggregation Service and a Statewide MLS which will be presented for consideration in October. It is understood that participation in either plan will be voluntary.

Action of Directors: Approved each portion by separate vote

Property Tax Basis Portability Task Force
Deborah Ritchey, Chair

A written progress update was submitted by the Property Tax Basis Portability Task Force.

The Task Force was given the following charge:
1. Assess the political viability of addressing the issue of Property Tax Basis Portability, and if feasible, then
a. Determine whether expanding the ability of homeowners to transfer their property tax basis to a new property will increase the availability of housing
b. Determine whether homeowners should be allowed to transfer their property tax basis when they purchase homes that are more expensive than their current homes
c. Examine the tax revenue impact to government.

2. Become familiar with the current program which allows seniors (55 and over) to transfer their existing property tax basis to another home within the same county or to another county that has elected to participate in the program, and review the options available for expanding that ability to more homeowners.
3. Make recommendations as to what, if any, actions (legislative or otherwise) C.A.R. should take with regard to property tax basis portability and report to the C.A.R. Board of Directors at their June 2007 Board meeting.

Jeanette Way, Chair of the NAR Director Accountability Working Group, presented a report and recommendations to increase the effectiveness of California's delegation to NAR.

NAR Director Accountability Working Group
Jeanette Way, Chair

Vince Malta, Chair of the Nominating and Election Process Task Force, gave a progress report and asked for input regarding the action items presented in draft form to date.

Nominating and Election Process Task Force
Vince Malta, Chair

COMMITTEE REPORTS

Common Interest Development
Steve Delmartini, Chair

It was Moved and Seconded that C.A.R. "OPPOSE" SB 528 (Aanestad) which would prohibit a Common Interest Development board from discussing or taking action on any subject matter at a non-emergency meeting of the board that is not on the agenda. The bill would also require that the agenda be provided to members at the same time the notice of the meeting is given to the members.

A substitute motion proposed by the Legislative Committee was Moved, Seconded and CARRIED, that C.A.R. "FAVOR" SB 528 (Aanestad) which would prohibit a Common Interest Development board from taking action on any subject matter at a non-emergency meeting of the board that is not on the agenda. The bill would also require that the agenda be provided to members at the same time the notice of the meeting is given to the members.

Action of Directors: Approved Legislative Committee's substitute motion

CREPAC Trustees
Chris Osteen, Chair

It was reported for information only that the following slate is duly noticed for approval in October 2007. Trustees serve for a three-year term. Alternates may be selected to fill the remainder of a vacant term during the year.

<u>NOMINEES FOR CREPAC TRUSTEE</u>
(November 2007- November 20010)

Dawn O'Rourke, Region 1
Humboldt Association of REALTORS®

Dorothy Jackson, Region 06
Bay East Association of REALTORS®

Susan Davis, Region 12
Fresno Association of REALTORS®

Wendy Furth, Region 18
Southland Regional Association of REALTORS®

Candice Carpenter, Region 21
South Bay Association of REALTORS®

NOMINEES FOR CREPAC ALTERNATE
(November 2007 - November 2008)

Terriann McGowan, Region 4
North Bay Association of REALTORS®

Raymond Karpe, Region 12
Bakersfield Association of REALTORS®

Brian Malone, Region 13
Glendale Association of REALTORS®

Nancy Donahue-Jones, Region 14
Association Executive Southwest Riverside County Association of REALTORS®

Mary Funk, Region 18
Southland Regional Association of REALTORS®

Heide Wolfe-Reid, Region 19
Santa Clara County Association of REALTORS®

Jimmy La Peter, Region 23
Pacific West Association of REALTORS®

Susan Marshall, Region 24
San Diego Association of REALTORS®

Cas Pinkowski, Region 32
Orange County Association of REALTORS®

It was further reported for information only that the CREPAC Trustees transferred $925,000 to National RPAC, for a total “Fair Share” 2007 contribution of $925,000, and that CREPAC contributed $531,350 to bi-partisan candidates for the Assembly and Senate, as well as to the Democratic and Republican Parties.

Federal Issues
Malcolm Bennett, Chair

It was Moved, Seconded and CARRIED, that C.A.R., in conjunction with NAR, support the following principles in any legislation to require broadband providers to adhere to net neutral practices:
a. Consumers are entitled to access the lawful Internet content of their choice;
b. Consumers are entitled to run applications and services of their choice,

subject to the needs of law enforcement;
c. Consumers are entitled to connect their choice of legal devices that do not harm the network;
d. Consumers are entitled to competition among network providers, application and service providers, and content providers;
e. Network providers should not discriminate among Internet data transmissions on the basis of the source of the transmission as they regulate the flow of network content.

Action of Directors: Approved

IMPAC Trustees
Greg Haas, Chair

IMPAC Contributions

It was reported for information only that the following slate is duly noticed for approval in October 2007. Trustees serve for a three-year term. Alternates may be selected to fill the remainder of a vacant term during the year.

NOMINEES FOR IMPAC TRUSTEE
(November 2007- November 2010)

M. Chris Kutzkey, Region 2
Siskiyou Association of REALTORS®

Eva Garcia, Region 3
Sacramento Association of REALTORS®

Mary Chatton Brown, Region 5
Contra Costa Association of REALTORS®

Richard Tegley, Region 14
Inland Valleys Association of REALTORS®

Alice McCain, Region 18
Southland Regional Association of REALTORS®

NOMINEES FOR IMPAC ALTERNATE
(November 2007 - November 2008)

Cynthia Wood, Region 4
North Bay Association of REALTORS®

Michael Godfrey, Region 6
Bay East Association of REALTORS®

Dale Gray, Region 7
Association Executive, Central Valley Association of REALTORS®

Leannah Hunt, Region 9
Silicon Valley Association of REALTORS®

Carol Banner, Region 15
Rim of the World Association of REALTORS®

Richard Stone, Region 16
Arcadia Association of REALTORS®

Rebekah Owen, Region 19
Santa Clara County Association of REALTORS®

Les Fishman, Region 21
Palos Verdes Association of REALTORS®

Vicky Campbell, Region 24
San Diego Association of REALTORS®

It was further reported for information only that the State IMPAC Trustees approved the following contributions:
--$15,000 to the Reason Foundation for a media and government outreach campaign on government barriers to housing production
--$10,000 to the Community Renewal Project to sponsor their annual Community Renewal Summit that provides resources to neighborhood activists who improve their communities through economic development
--$10,000 to the National Association of REALTORS® for a Homeowners Insurance Research study on availability and affordability of insurance in disaster prone areas
--$150,000 to the Plan for the People – No on Measure A campaign to defeat a anti-growth initiative in Monterey County
--$142,723 to the California Association of REALTORS® to fund a paid media and direct mail campaign in support of SB 670 (Correa), a C.A.R. sponsored bill to prohibit Private Transfer Taxes
--$15,000 to No on Measure A, an anti-growth initiative in the City of Solana Beach
--$20,000 to the Residents Against Planning Restrictions - Measure V, an anti-growth initiative in the City of Sierra Madre

Land Use and Environmental
Carol Banner, Chair

It was Moved, Seconded and CARRIED, that C.A.R. "SUPPORT" SB 5 (Machado) if it is amended to impose a maximum of 200-year flood protection.

Action of Directors: Approved

Note: SB 5 requires that each parcel of land that is located in a flood hazard area be identified and that the local government annually notify owners of their level of flood protection and to provide them with information regarding flood insurance. In addition, SB 5 would require local governments to amend their general plans and zoning ordinances to reflect flood hazard zones and to condition the approval of subdivisions on one of two provisions: (1) that the subdivision will have a currently unspecified level of flood protection from levees or other structures; or (2) the construction standards used in the development will achieve the elevated level of flood protection.

Legal Action Fund
Bill Podley, Chair

It was reported for information only that the Legal Action Fund Trustees have the following update on pending matters:
--The Legal Action Fund authorized an amicus brief in Sweitzer v. Westminster Investments, a California Court of Appeals case challenging various provisions of the bond requirement under the Home Equity Sales Contract Act. C.A.R.'s

brief focused on an unenforceability argument due to the impossibility of compliance with the bond requirement.
--The Trustees discussed the issue of MLS's having adequate insurance and reserves to cover antitrust and other legal attacks. Staff was directed to gather information about the current levels of insurance and legal reserves by conducting a survey of California MLS's to determine readiness levels.
--The Trustees authorized staff to investigate and form a budget to commence legal action against the rapidly expanding private transfer fees in new developments. To accelerate the effort, the trustees authorized $15,000 to gather the relevant information and analyze the documents. The Trustees are asking that anyone with information on a development with transfer fees send the CC&R's and the specifics of the transfer fee including the name of the development to June Barlow. More information on this will be forthcoming.

Legislative
Steve Goddard, Chair

It was Moved, Seconded and CARRIED, that C.A.R. appoint a task force to consider whether C.A.R. should sponsor legislation to:
a. Transfer regulation of mortgage lending functions out of the Department of Real Estate and to a different regulator; and,
b. Prohibit an individual licensee from acting as both the mortgage loan originator and a sales agent in the same transaction; and
c. Separate licensing of Mortgage Brokers within the DRE; and
d. Other options.

Action of Directors: Approved

It was reported for information only that C.A.R. will proceed with negotiations with other interested parties on a revision of the Home Equity Sales Act, AB 1356 (Houston), and review the proposed compromise with the leadership.

Membership
West De Young, Chair

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

Nominating
Ann Pettijohn, Chair

It was Moved, Seconded and CARRIED, that the following be designated to serve as State allocated NAR Directors for a three year term ending November 2010, and as Alternates for the 2008 elective year.

Colleen Badagliacco, Region 19
Jeff Barnett, Region 9
Tom Carnahan, Region 18
Dorothy Jackson, Region 6
Raymond Karpe, Region 12
Ann Pettijohn, Region 23
Gary Thomas, Region 32
Steve White, Region 18

ALTERNATES FOR 2008 (IN PRIORITY ORDER)
Susan Tilling, Region 9
Marian Norris, Region 7
Sharon Bowler, Region 16
Bob Hart, Region 11
J. Michael Roberts, Region 32

John Cribb, Region 31
Winnie Davis, Region 18
Jimmy La Peter, Region 23

Action of Directors: Approved

Note: As a result of the NAR formula utilized for the allocation of NAR Director seats to California, based on a calculation performed on July 31, 2007, only seven seats were available for the State allocated NAR Directors. The C.A.R. Officers, acting between Business Meetings under the authority outlined in the Bylaws, designated Dorothy Jackson as the new first Alternate for 2008.

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

Maxine Jennings, Region 6
Marjorie Mc Laughlin, Region 24
Dennis Mason, Region 2

Action of Directors: Elected

It was reported for information only that Joel Singer has been nominated as Executive Vice President/State Secretary for the year 2008.

Action of Directors: Elected

It was reported for information only that Beth Peerce has been nominated as Treasurer for the years 2008-2009.

Action of Directors: Elected

It was reported for information only that James Liptak be elected as President-Elect for the year 2008.

Action of Directors: Elected

It was reported for information only that the bylaws specify that President-Elect William E. Brown will become President for 2008.

Property Management
Cynthia Wood, Chair

It was Moved, Seconded and CARRIED, that C.A.R. "SUPPORT" AB 1173 (Keene) which permits property managers to utilize a residential utility billing service for disclosing water billing procedures, and requires all newly constructed multi-family rental units, as of January 1, 2010, to have submeters or individual meters.

Action of Directors: Approved

It was Moved, Seconded and CARRIED, that C.A.R. "SPONSOR" legislation in 2008 to require local jurisdictions with "just cause eviction" rules to permit landlords, subject to those rules, to evict a registered sex offender in order to protect a person at risk; and that C.A.R. work cooperatively with industry stakeholders.

Action of Directors: Approved

Real Estate Finance
Mike Donohoe, Chair

It was Moved, Seconded and DEFEATED, that C.A.R. create a Task Force to examine what incentives may be created for lenders to work with borrowers and their agents in order to avoid foreclosure when mitigating circumstances warrant.

Action of Directors: Did not concur with the Executive Committee recommendation and Approved the creation of the Task Force

Standard Forms Advisory
Steve Weiss, Chair

It was reported for information only that the Standard Forms Advisory Committee received reports from 13 Regional Representatives. The comments were generally positive regarding the April 2007 forms release. The Committee reviewed the draft of the Short Pay Listing Addendum (SPL) and approved the release of the form as quickly as possible. The Committee endorsed an interim form release to accomplish this purpose. The Committee instructed staff to create a "Short Pay Contract Addendum" between the buyer and seller to be released in November. The Committee recommended that the Seller Property Questionnaire (SPQ) and Supplemental Statutory and Contractual Disclosure (SSD) be combined. However, the Committee recommended that the SSD in its current format continue in circulation. Further, the committee decided to revise the Residential Purchase Agreement (RPA-CA) paragraph 25 to include an optional checkbox referencing the SPQ as a contractually required seller disclosure. The general consensus of the Committee is that after five years of the RPA-CA being in production, coupled with the many comments received, it may be time to address and make slight modifications to the RPA-CA form. Additionally, the Committee discussed the need for a Security Deposit Release form. A draft of the form will be created with input from the Property Management Committee and presented at the next Forum on Forms. The Committee received reports about the proposed "Forms Advisor" program. The Committee endorses the value of the program and encourages the Strategic Planning and Finance Committee to continue to evaluate the viability of bringing this product out to the membership. The Committee will refer comments regarding the issue of the selling agent's compensation when the listing agent receives less than the full commission to the MLS/Computer and Business Technology and to the Professional Standards Committees, for possible clarification under the MLS rules. The Committee recommends the creation of a Commercial Forms Study Group to review C.A.R. commercial forms. Finally, the SFAC reviewed 23 of the 93 comments received and will hold a follow up conference call to discuss the remaining items.

TAXATION
Robert Kevane, Chair

Property Tax Basis Portability

It was Moved, Seconded and DEFEATED, that C.A.R. fund conducting a survey, to cost no more than $20,000, that will allow the Property Tax Basis Portability Task Force to determine the extent to which an expansion of portability might be utilized.

Action of Directors: The Directors did not concur with the Executive Committee recommendation and Approved funding for the survey

It was Moved and Seconded, that C.A.R., in conjunction with NAR, look into

the issue of accommodators/qualified intermediaries of 1031 exchanges and how to safeguard exchanging taxpayers and our industry members vis-a-vis the practice of accommodators/qualified intermediaries.

An amendment to the motion was Moved, Seconded and CARRIED, that C.A.R., in conjunction with NAR, look into the issue of accommodators/qualified intermediaries of 1031 exchanges (including but not limited to oversight and/or regulation) and how to safeguard exchanging taxpayers and our industry members vis-a-vis the practice of accommodators/qualified intermediaries.

A vote on the amended motion CARRIED, that C.A.R., in conjunction with NAR, look into the issue of accommodators/qualified intermediaries of 1031 exchanges (including but not limited to oversight and/or regulation) and how to safeguard exchanging taxpayers and our industry members vis-a-vis the practice of accommodators/qualified intermediaries.

Action of Directors: Approved amended motion, which was presented by Taxation Committee to the Directors as amended

It was Moved, Seconded and CARRIED, that C.A.R., in conjunction with NAR, support tax credits, deductions, or similar tax incentives designed to encourage owners to make improvements to real property in order to conserve energy, mitigate potential damage from natural disasters and/or satisfy environmental goals related to natural resources and wildlife. Support for tax legislation containing such incentives will be balanced against the competing pressures of real estate-related tax provisions that could be created to “pay for” these incentives.

Action of Directors: Approved

ADJOURNMENT

There being no further business, the meeting was adjourned at 7:50 a.m. on June 9, 2007.

ATTACHMENT A – CONSENT AGENDA

CONSENT AGENDA

Membership

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

Amador AOR
Isla Gipson

Arcadia AOR
Paul Gould

Bakersfield AOR
Gale Hammett
Colleen Head

Beverly Hills/Greater AOR
Harold Gingrich
Mary Robertson

CA Desert AOR
Mary Tharp

Citrus Valley AOR
Ellie Goritz
Ruth Hamill
Gary Mitchell

East Valley AOR
Edward Slaughter

Greater Antelope Valley AOR
Edith Carney

Lassen AOR
Beth Bennett

Monterey County AOR
Perry Brasuell
Donald Foster
Beth Hightower
Richard Kelly
Robert Luster

North Bay AOR
Florence Gresty
Dorothy Smith

Orange County AOR
Yolanda Bateson

Donna Cazares
Ruth Cenci
Popie Cherpas
Ardis Davis
Donald Greenwaldt
Frank Hill
William Oesterreich
Betty Pequet

Pacific West AOR
James Harvey
Nancy Hill
Lorane Katz
Elizabeth Mytinger
Mary Wells

Pasadena-Foothills AOR
Shirley Curren

San Mateo AOR
Edward Guglielmetti
Elizabeth Malinverno
Norman Parham
Nancy Pohl
Elizabeth Spanjian
Lou Walter
Jane Winters

Southland Regional AOR
Robert Haddad

Tulare AOR
Laura Miller
Ventura AOR
Montie Black
Bud Gerding
Tex Kernan
Margaret LeBrand
Donald Thibeault

CONSENT AGENDA

Strategic Planning and Finance

2. That the Statement of Income and Expenses by program for the four months ending April 30, 2007 be approved.

Total C.A.R.
Revenue of $24,049,600
Expenses of $ 7,830,500
An excess of income over expenses of $16,219,100

Political Activities Fund
An excess of income over expenses of $2,169,900

Issues Action Fund
An excess of income over expenses of $1,518,500

The C.A.R. Balance Sheet as of April 30, 2007
Total assets of $68,069,100 (of which $51,553,400 are current assets)
Total liabilities of $8,986,000 (of which $8,094,800 are current liabilities)
C.A.R. Fund Balance of $59,083,100

3. That the Projected Statement of Income and Expenses by program for the year ending December 31, 2007 be approved.

CONSENT AGENDA

Strategic Planning and Finance

Total C.A.R.
Revenue of $31,150,600
Expenses of $27,081,400
An excess of income over expenses of $4,069,200

Political Activities Fund
An excess of income over expenses of $1,207,500

Issues Action Fund
An excess of income over expenses of $1,099,400. This amount will be allocated to IMPAC as approved by the Directors.

4. That the audited Statement of Income and Expenses by program for the twelve months ending December 31, 2006 be approved.

CONSENT AGENDA

Strategic Planning and Finance

Total C.A.R.
Revenue of $33,966,300
Expenses of $25,902,600
An excess of income over expenses of $8,063,700

Political Activities Fund
An excess of income over expenses of $1,178,200

Issues Action Fund
An excess of income over expenses of $1,087,800
This amount will be allocated to IMPAC as approved by the Directors.

The C.A.R. Balance Sheet as of December 31, 2006
Total assets of $45,656,500 (of which $29,219,000 are current assets)
Total liabilities of $3,680,400 (of which $3,436,800 are current liabilities)
C.A.R. Fund Balance of $41,976,100