



# SANTA CRUZ ASSOCIATION OF REALTORS® LEGISLATIVE WATCH

## **Hot Issue: Santa Cruz REALTORS® Fight County Point of Sale Ordinance**

At a meeting of the Santa Cruz County Board of Supervisors, REALTORS® turned out to speak against a proposal to mandate the updating and retrofit of pool barriers at point of sale. The proposed policy, which arose out of county staff concerns about pool safety, would have required that REALTORS® be responsible for certifying and possibly upgrading pool barriers at point of sale. In response to this inefficient and counterproductive proposal, REALTORS® presented arguments about the enormous costs and legal burdens that a point of sale mandate would include and suggested that the County examine more effective alternatives to the proposed ordinance.

The Board of Supervisors responded with a request that the county staff reevaluate the proposal and come back to them at their June 6<sup>th</sup> meeting. The fight is not yet over and several members of the Board still need to be convinced that point of sale is a bad idea. REALTORS® are encouraged to attend the June 6<sup>th</sup> meeting at 9:00AM to encourage the Board not to adopt costly and counterproductive point of sale requirements.

## **NAR FHA Reforms Could Boost Homeownership**

The National Association of REALTORS® (NAR) has endorsed Federal Housing Administration (FHA) reforms proposed by the U.S. Department of Housing and Urban Development (HUD) as an important way to enhance the opportunity for more Americans to own a home. In written testimony submitted to the House of Representatives Financial Services Committee, Subcommittee on Housing

and Community Opportunity, NAR emphasized that the reforms would provide REALTORS® the necessary tools to work with hundreds of thousands of additional families each year to become homeowners.

The reforms proposed by HUD and submitted to Congress will lead to the most significant FHA actions in more than 15 years. NAR believes that FHA reforms, such as extending the term of mortgages to 40 years, eliminating the statutory 3 percent down payment, and increasing FHA's limits in high cost areas to the 2006 conforming loan limit will allow FHA loans to better serve today's housing market.

"NAR gladly stands ready to work with HUD Secretary Alphonso Jackson and FHA Commissioner Brian Montgomery to help make the reforms a reality," said 2006 NAR President Thomas M. Stevens. "As front-line advocates for families pursuing the American dream of homeownership, REALTORS® embrace the recommended reforms as a way to broaden the entry into homeownership for many of these families."

## **Update On C.A.R. Sponsored Legislation**

**C.A.R. Sponsored Bill AB 2100 (Laird) Homeowner Association Reserve Accounts** passed the Assembly Housing and Community Development Committee on April 26, and passed in the Assembly Elections and Redistricting Committee on May 2. Existing law requires an association to provide members an explanatory copy of the budget but does not require homeowner associations (HOAs) to identify how and when they will repair or replace the major assets of the association. This year, C.A.R. is sponsoring AB 2100 to



require HOAs to adopt an assessment schedule of the dates and assessment amounts that will be necessary to fund the association's reserve account. AB 2100 is vital to homeowners because it will paint a clear picture of how much they will have to pay for the association's special and regular assessment needs, such as the replacement of roofs or repair of building exteriors.

**C.A.R. sponsored bill AB 2365 (Jones) Real Estate Licensees** passed the Assembly Insurance Committee on April 26. While existing law does not require real estate agents or brokers to carry errors and omissions (E&O) insurance, a great many do, but have difficulty locating competitive offers. C.A.R. recently amended AB 2365, and it now creates a program that will be administered by the Department of Insurance (DOI) to assist real estate licensees in locating sufficient E&O insurance. This measure will authorize and encourage the department to assist licensees in locating insurance that will fulfill their needs.

**C.A.R. sponsored bill AB 2429 (Negrete McLeod) Real Estate Salesperson Licensure** passed the Assembly Business and Professions Committee on April 25, and passed in the Assembly Appropriations Committee on May 3. Existing law provides two ways to qualify for a sales license. The first option requires an applicant to take three real estate classes and then pass the salesperson exam as well as a criminal background check to receive a four-year license. In the second option, an applicant takes only one class and then takes the exam. Should the applicant pass, they may obtain a "conditional" license and finish the rest of the required course work during the next 18 months of licensure, while they sell real property. AB 2429 will require all

salesperson applicants after September 31, 2007 to complete all three of their pre-license courses prior to receiving a license. The Department of Real Estate has licensed more than 100,000 new licensees in the last three years, and 85 percent of them came in under the conditional license option. AB 2429 will increase the foundational knowledge of sales licensees entering the market, but will not affect those currently in the process of obtaining their licenses.

**C.A.R. sponsored bill SB 1177 (Hollingsworth) Density Bonus** is pending on the Senate Floor and a vote is anticipated next week. In recent years, C.A.R. has sponsored legislation to improve the use of the state's density bonus law by passing legislation to make the law more easily understood and functional. This year, C.A.R. is sponsoring SB 1177 to prohibit local governments from examining the financial records of housing developers seeking a density bonus when they apply for a waiver of, or reduction in, development standards. Requiring developers to open their records to local government to prove that a waiver or modification of development standards is necessary gives local governments the opportunity to dictate, for example, the developer's profit, the type of appliances, marketing strategies and design styles that should be included in the development. Additionally, since local governments are NOT financially contributing to the subdivision, they should not have the right to inspect these financial records.

## **Time to Review Earthquake Safety Measures**

One hundred years after the "Great 1906 San Francisco Earthquake," most Californians are asking





# SANTA CRUZ ASSOCIATION OF REALTORS® LEGISLATIVE WATCH

themselves, "If another earthquake just as devastating struck today, would we be prepared?"

The magnitude 7.8 earthquake that struck on April 18, 1906 ranks as one of the most powerful earthquakes to hit Northern California. According to news reports at the time, at about 5:12 a.m., a foreshock occurred with substantial force felt widely throughout the San Francisco Bay area. About 20 to 25 seconds later, the earthquake struck, with an epicenter near San Francisco. The earthquake was felt from southern Oregon to south of Los Angeles and inland as far as central Nevada. The ground broke along the San Andreas Fault over nearly half the length of California (about 300 miles).

San Francisco and many smaller cities were devastated. It is estimated that about 28,000 buildings were destroyed, more than 3,000 deaths were caused directly or indirectly by the catastrophe, and about 225,000 people were left homeless. The population of San Francisco at the time was about 400,000. Losses totaled over \$400 million in 1906 dollars from the earthquake alone, and \$80 million from fires that spread in San Francisco due to ruptured gas pipes. Water pipes were ruptured as well, rendering the firefighters helpless. Fires burned continuously for several days.

In 1989, another devastating earthquake hit the Bay area once again. Loma Prieta, with a 6.9 magnitude, gave residents another wake-up call.

The resulting destruction from an earthquake could be devastating. Homeowners and homebuyers in the area need to be aware of the risk and make sure that their property will survive an earthquake. Unfortunately, California's seismic hazard disclosure law is silent on the worst hazard of them all, according to Patrick McClellan,

P.G., a geologist and Director of Regulatory Affairs with First American Natural Hazard Disclosures (FANHD) / JCP Property Disclosure Reports.

"Civil Code 1103 requires sellers to disclose whether a home is in an earthquake fault zone or an earthquake-triggered landslide, liquefaction, or dam-failure inundation zone," McClellan said. "But those hazards account for less than 1% of the residential damage in an earthquake. More than 99% of the damage and nearly 100% of the injuries are caused by shaking of the ground and the buildings on it."

McClellan said there is no "official" line on a hazard map that makes one home safer than another from earthquake shaking. He explained, "Every Bay Area home felt the wrath of our last big quake in 1989. USGS scientists in Menlo Park say the odds of another one much closer to our Bay Area neighborhoods – and a much more damaging shake – are roughly 2-in-3 during the life of a typical home mortgage."

McClellan said this year's Centennial of the Great 1906 Earthquake and Fire, on April 18th, is an opportunity for REALTORS® to add value to their transactions. "Re-read the 'Homeowner's Guide to Earthquake Safety' that you habitually hand to the buyer," he encouraged REALTORS®. "A few simple words of encouragement passed along with it could mean the difference between just a good scare and a catastrophic loss, the next time the ground shakes."

McClellan gave some sage advice for the public to consider. "Earthquakes teach us lessons that improve our building codes. So, naturally, homes built to modern seismic-safety standards have more design features to resist shaking damage than do older homes. The



# SANTA CRUZ ASSOCIATION OF REALTORS® LEGISLATIVE WATCH

'Homeowner's Guide' (of the U.S. Geological Survey) can help the owner identify and strengthen structural weaknesses that may exist in an older home. Don't wait. Find and fix those weaknesses now!"

The JCP geologist noted, "As the ancient mariner said, 'We can't control the wind, but we can adjust our sails!' Earthquakes come with the property. Guide the buyer to live with them safely and protect our housing stock...it's a win-win proposition in this business."

Earthquake safety is an important topic in the "Combined Hazards Book" released by C.A.R. in May 2005. It contains the new "Homeowners Guide to Earthquake Safety," <http://pubs.usgs.gov/gip/2005/15/>, released by The California Seismic Safety Commission. The U.S. Geological Survey recently published a new "Earthquake Preparedness Handbook." Check its website at <http://quake.usgs.gov>.

## Primary Election Day Is One Month Away: Remember To Register To Vote!

To the average citizen, the words "political campaign" and "high gear" mean it's time to duck and cover and hit the "Mute" button on the remote control. Before hiding away, however, remember that elections are a very important function in our democracy. For REALTORS®, voting is the critical tool to electing officials who support homeownership, protect private property rights, and understand the interests of real estate.

Before you can vote in an election you must be registered. You must re-register if you have moved or changed your name since the last election. As a professional who is always in contact with people who will change their address, it's a good idea for you to

offer voter registration forms to clients. Registration can be done by mail; the forms are available online through the Secretary of State's website at <http://ss.ca.gov>, and at all government buildings, (post offices, libraries, the DMV, etc.). The deadline to register to vote for the June primary election is Tuesday, May 23.

The difference between voting and not voting is not simply a choice between two candidates. It is the difference between a legislature that supports private property rights and one that takes those rights away. It is the difference between a government that promotes homeownership opportunities and one that does not. And it is the difference between electing representatives who listen to the REALTOR® voice and those who ignore it. So, before going to a secure location to wait out this election season, remember the impact you can have on government and the impact that it can have on you.

**Please Note: The Legislative Watch is prepared by the Santa Cruz Association of REALTORS®. The Legislative Watch is only a summary not intended to provide legal advice and should always be verified for accuracy. For more information on a local agency, please call SCAOR at (831) 464-2000 to contact the Local Governmental Relations Liaison assigned to that agency or municipality.**

