



## REALTOR® Office Contact (ROC) - Legislative Briefing April/March 2009

*Every day governmental bodies and elected officials are making decisions that impact the real estate industry and thus REALTOR® livelihoods. This briefing will help keep you informed about the issues which could affect you and how the San Diego Association of REALTORS® is working to protect your business.*

### STATE ISSUES

**Local Assemblyman author's bill to extend property tax base year transfers for fire victims:** Assembly Bill 157 (Anderson) would amend existing property tax law to provide, for disasters occurring on or after a specified date, that the property tax base year value of real property that is substantially damaged or destroyed by a disaster may be transferred to a comparable property located within the same county that is acquired or newly constructed within 7 years after the disaster as a replacement property. Currently, the law allows a transfer of up to 5 years. We believe this legislation provides necessary relief to affected homeowners, particularly those in San Diego County who are struggling to replace their homes which were lost in the wildfires. Many of these homeowners have encountered delays, not of their own making, in this process of transferring their base year values of damaged or destroyed property to their replacement property. This legislation would provide assistance to disaster survivors by expanding the transfer authorization to a comparable replacement property from 5 to 7 years.

**The San Diego Association of REALTORS® supports bills to provide relief for owners of foreclosed properties:** Assembly Bills 111 (Niello) and Senate Bill 97 (Calderon) would suspend state income tax on forgiven debt until January 1, 2010 to provide full conformity with federal legislation. These bills are vital to the State of California during our current housing market. In a foreclosure or short sale circumstance, lenders forgive borrowers of a portion of the mortgage debt. The debt that is forgiven is considered income and is subjected to income taxation. This bill would provide relief for distressed families who have lost their homes by extending the provision through January 1, 2010. The San Diego Association of REALTORS® voted to support both of these bills in the hopes that one of these bills are enacted into law.

**Author of AB 957 – “The Buyers Choice Act” – Agrees to Amend her Bill to Address C.A.R. Opposition:** On April 20, 2009, the State of California Bank and Finance Committee, based upon Assemblywoman Galgiani's commitment to change the bill to deal with issues raised by C.A.R., voted 8 to 1 in favor of AB 957, and paved the way for the bill to move forward to the State Assembly floor for consideration. This fast-tracked Assembly Bill 957 is also called “The Buyer's Choice Act” and is being sponsored by the California Escrow Association. The proposed law will mandate that the choice of escrow services be made by the buyer, not by the bank or other seller of a foreclosed property, on all REO transactions. C.A.R. opposes the bill out of concern that it removes the choice of escrow from negotiation, and puts all control in the hands of one side. In the Banking Committee hearing, the author asked C.A.R. to reconsider its opposition in light of a commitment to a "sunset" on the duration of the bill so that it will be reconsidered as the market recovers. She also suggested she would be willing to include an enhancement of state regulators' enforcement of RESPA fair dealing rules and language to require that both sides of a transaction negotiate in good faith.

**Bill to Improve Notice Concerning Mechanic's Liens Passed by State Assembly:** AB 457 (Monning), which requires improved notice to property owners about their rights in regard to mechanics' liens, was approved by the State Assembly on April 20<sup>th</sup> and is now making its way through the State Senate. C.A.R. supports AB 457 because property owners, and potential bona fide purchasers and potential lenders, deserve to be able to get an adequate picture of a lien's status when they search the record title of a property. AB 457 will make it easier to see that accurate picture by requiring notice to the homeowner of enforcement, and recording of that notice



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**C.A.R. launches Mortgage Protection Program:** To help provide first-time home buyers with peace of mind when purchasing a home, the CALIFORNIA ASSOCIATION OF REALTORS®' (C.A.R.) Housing Affordability Fund is offering a new mortgage protection program to first-time home buyers. Through the C.A.R. Housing Affordability Fund's Mortgage Protection Program, first-time home buyers who lose their jobs due to layoffs may be eligible to receive up to \$1,500 per month, for six months, to help make their mortgage payments. A qualified co-buyer also can participate in the program, and receive a monthly benefit of \$750 per month for up to six months. Program benefits also include coverage for accidental disability and a \$10,000 death benefit. For more Information including eligibility requirements and information on applying for the C.A.R.H.A.F. Mortgage Protection Program, please visit [www.car.org/aboutus/hafmainpage/carhafmortgageprotection/](http://www.car.org/aboutus/hafmainpage/carhafmortgageprotection/)

### Federal

#### **Homeowner Affordability and Stability Plan Information**

On March 4, 2009, the Obama Administration released detailed guidelines for homeowners to help them determine if they qualify for the Administration's new Making Home Affordable plan. This is a follow up to the Administration's announcement on February 18 outlining their plan to stem the current tide of foreclosures and stabilize the nation's housing markets. To learn more about this program and to see if you qualify for **the Making Home Affordable Refinancing Program or the Loan Modification Program** please click on the appropriate link below:

<http://www.car.org/governmentalaffairs/federal/hrlmp/>

