

AGENDA



THURSDAY, NOVEMBER 7, 2024

CALIFORNIA NAR DIRECTORS ISSUES BRIEFING

NATIONAL ASSOCIATION OF REALTORS®
2024 NAR NXT, THE REALTOR EXPERIENCE
THE WESTIN BOSTON SEAPORT DISTRICT
PAVILION, CONCOURSE LEVEL
9:00 AM – 11:00 AM

PRESIDING:

Melanie Barker, C.A.R. President
Heather Ozur, C.A.R. President Elect

STAFF:

Matt Roberts, Local and Federal Governmental Affairs Director

I. WELCOME

II. KEY CALIFORNIA EVENTS AT THE 2024 NAR NXT

1. **Region 13 Caucus** - Sunday, November 10, 2024, 4:30 PM–6:00 PM, Omni Boston Hotel at the Seaport, Ensemble D, Level Two
2. **California Club** - Sunday, November 10, 2024, 6:00 PM–7:30 PM, The Westin Boston Seaport District: Pavilion, Concourse Level
3. **NAR Board of Directors Meeting** - Monday, November 11, 2024, 8:30 AM–11:00 AM, Boston Convention & Exhibition Center, Ballroom, Ballroom Level
4. **Delegate Body Meeting** - Monday, November 11, 2024, 11:30 AM–12:00 PM, Boston Convention & Exhibition Center, Ballroom, Ballroom Level

III. PROPOSED AMENDMENT TO CODE OF ETHICS

A. Recommendation: *That Article 4 of the Code of Ethics be expanded to apply to REALTORS® on both sides of a real estate transaction.*

Article 4

~~REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms, or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative. (Amended 1/00)~~

REALTORS® who have a present ownership interest in property for sale or lease, or contemplated interest to purchase or lease property, must disclose in writing the existence of such interest to all parties to the transaction prior to a party signing any agreement.

Standard of Practice 4-1

~~For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by REALTORS® prior to the signing of any contract. (Adopted 2/86)~~

The present ownership interest in property for sale or lease, or contemplated interest to purchase or lease property, includes transactions in which REALTORS®:

1. represent themselves
2. represent a member of their immediate family
3. represent their firm or any broker or agent thereof
4. represent an entity in which the REALTOR® or member of their immediate family has a legal interest.

Standard of Practice 4-2

REALTORS® are not required to disclose the identity of the client or customer, nor the specific nature of the interest referred to in Article 4, but must disclose that an interest exists.

IV. PROPOSED AMENDMENT TO THE CONSTITUTION OF NAR

A. Recommendation: *That Article V, Section 1 of the Constitution be amended to add a representative from the Canadian Real Estate Association (CREA) to the Executive Committee.*

ARTICLE V — EXECUTIVE COMMITTEE

SECTION 1.

There shall be an Executive Committee composed of the following individuals:

(A) The President, President-Elect, First Vice President, Treasurer, Immediate Past President, the Past President twice-removed, Vice President of Advocacy, Vice President of Association Affairs, and REALTOR® Party Director.

(B) Four Past Presidents appointed by the Leadership Team to serve two-year staggered terms such that two Past Presidents are appointed annually.

(C) Twelve members to serve a two-year staggered term, based on the individual having demonstrated a competency needed for the role, as such competencies are identified by the Leadership Team with input from the Leadership Identification and Development Committee, Strategic Planning Committee, and Credentials and Campaign Rules Committee, and to be appointed by the Leadership Team that will be in office when these terms begin. Each Executive Committee member serving pursuant to this provision will serve a two-year staggered term such that six members are appointed annually. Appointments pursuant to this section must not have previously served as National Association President.

(D) Each Regional Vice President to serve a two-year term beginning concurrently with their term as Regional Vice President.

(E) One AE Representative and one MLS Executive Representative appointed by the Leadership Team that will be in office when these terms begin for a one-year term.

(F) One representative from each of the National Association's Institutes, Societies, and Councils to serve a two-year staggered term appointed by the Leadership Team that will be in office when these terms begin upon recommendation of each respective Institute, Society, and Council.

(G) A principal, partner, or corporate officer or management team member from five of the largest firms, partnerships, or corporations in the real estate business who hold REALTOR® membership in a Member Board of the National Association and is appointed by the Leadership Team that will be in office when these terms begin upon recommendation of the Real Estate Services Advisory Group.

(H) The CEO of the National Association, a non-voting member.

(I) Each REALTOR® Member who has served as President of the National Association and as a member of the Executive Committee for the terms aggregating twenty (20) years is appointed as Lifetime Emeritus of the Executive Committee unless sooner terminated by resignation from the Committee of the National Association.

(J) Two Distinguished Service Award recipients appointed by the Leadership Team that will be in office when these terms begin for a one-year term.

(K) One representative from the Canadian Real Estate Association (CREA) appointed by the Leadership Team that will be in office when the term begins upon recommendation by CREA for a one-year term.

V. NAR POLICY COMMITTEE ACTION ITEMS AND HOT ISSUES

A. Federal Taxation

Recommendation #1: This motion will consider Tax Incentives to Reduce Financial Barriers to the Adoption of Homes for People with Special Needs to support tax policies that reduce financial barriers for homeowners, lessors, family members, caregivers, employers, charitable organizations, and others to adapt residences to house individuals with special needs, including physical or mental impairments that substantially limit one or more major life activities.

C.A.R. Policy: C.A.R. does not have policy specific to this issue.

Recommendation #2: This motion will consider Tax Incentives to Assist First-Time Homebuyers to Save Funds for Down Payment and Closing Costs to support federal income tax policies that provide various ways to encourage and assist prospective buyers to amass adequate funds to cover the down payment and closing costs on a first home.

- The establishment of first-time homebuyer savings vehicles (of whatever name) that allow tax-deductible deposits into such accounts by the prospective homeowners as well as by extended family members, friends, employers, and others, and also tax-free treatment of any withdrawals from such accounts so long as the funds are used for the acquisition or building of a first-time principal residence for the account holder.

C.A.R. Policy: C.A.R. has supported the creation of "homeownership savings accounts" in California. California's state legislature has proposed the creation of such accounts all the way back in 2017, which C.A.R. has supported.

- The withdrawal of funds from any employee- and/or employer-funded contributions to retirement plans (such as individual retirement accounts, 401(k) accounts) and the accumulated gains thereon on a tax- and penalty-free basis so long as the funds are used for the acquisition or building of a first-time principal residence for the recipients of the funds.

C.A.R. Policy: In 2012, C.A.R. reviewed the issue of increasing the amount of money a homebuyer could withdraw from a retirement account without penalty for the purchase of a home, which is currently capped at \$10,000 for first-time homebuyers. At that time, short sales represented a significant portion of real estate transactions. In the aftermath of the Great Recession, some lenders were attempting to require distressed borrowers to tap into their retirement accounts to offset lender losses before approving a short sale. However, both C.A.R. and NAR successfully argued that, because borrowers are restricted from using retirement funds for home purchases, lenders had no right to demand access to these funds in distressed transactions. To avoid giving lenders any leverage to claim retirement funds in such scenarios, C.A.R.'s Taxation and Government Finance Committee opted not to support the proposal at that time.

- The withdrawal of any extra or unused funds from any other savings vehicle that is federally tax-favored (such as 529 education savings plans) on a tax- and penalty-free basis so long as the funds are used for the acquisition or building of a first-time principal residence for the account beneficiaries.

C.A.R. Policy: C.A.R. does not have a formal policy regarding proposals to allow for the use of unspent funds from tax-advantaged accounts, like 529 college savings plans, to purchase a home without penalties or potentially even tax-free.

B. Conventional Financing & Policy Committee

Recommendation #1: That the National Association of REALTORS® support certain shared equity models for the purchase of residential, owner-occupied housing. Such programs should be owned and operated by non-profit or governmental organizations that are knowledgeable and informed of best practices for consumers. These entities should support equity growth for the owner-occupants through low fees and rates of return as well as through appropriate recognition of owners' improvements to the property. Furthermore, equity sharing programs should prioritize consumer protections, such as pre- and post-purchase housing counseling and considerations for transferring the property to an heir. The programs should have clear guidelines and practices for establishing owners' title to the property and supporting owners' ability to transition from ownership with clean title upon sale as well as with limited impacts under foreclosure or short sale.

C.A.R. Policy: C.A.R. has supported the creation of government-run equity share programs. In California, this is exemplified by the state's California Dream for All Shared Equity Program. While C.A.R. has not adopted a specific policy regarding non-profit organizations running similar equity share programs, C.A.R. would generally be supportive of such initiatives, provided the program details align with our broader goals and principles.

C. Leadership Identification & Development Committee

Recommendation #1: That any member appointed to the Chair or Vice Chair position of a committee, advisory board, advisory group, or council must be currently serving or have served on that committee, advisory board, advisory group, or council in the past 3 years.

D. Commercial Committee

Recommendation #1: The Strategic Planning Workgroup proposes a policy change to ensure that at least 10% of the Executive Committee is composed of commercial members. This could include any combination of: ISC representatives, Competency-based representatives, or Other NR members whose real estate practice is primarily commercial in nature.

E. Broker Relations Group

Recommendation Summary #1: To consolidate and streamline Broker Engagement committees by combining the purpose of the Broker Engagement Council with the Broker Engagement Committee. Through sunseting the BE Council and adjusting all committee structure to allow the most effective and inclusive representation the members will achieve desired goals and reallocate resources to Broker programming.

- Sunseting the Broker Engagement Council.
- Increasing the size of Broker Engagement Committee and adjusting the purpose.
- Increasing the size of Idea Exchange Council.

Recommendation Summary #2: To update the Purpose, Mission, and Structure of the Small Broker Committee to be in line with current needs. To be effective Dec 1, 2024.

The committee is proposing an amendment to its purpose, focusing on engagement, representation, and gathering feedback from the small broker community. This includes an adjustment to the qualifications for serving on the committee, limiting membership to brokers with 2 – 25 agents in their brokerage.

F. Professional Standards Committee

Recommendation #1: To amend Standard of Practice 11-2 as follows, (portion between asterisks below is an addition);

The obligations of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and , where the REALTOR® is an agent or subagent, the obligations of a fiduciary *or the applicable agency duties required by law.*

Recommendation #2: To amend the procedures in the Code of Ethics and arbitration outlining the timelines for appeals and procedural reviews of ethics and arbitration decisions to give associations 45 days to process an appeal or procedural review instead of 30.

G. Technology Committee

Recommendation #1: That NAR support strong copyright protection for original works created by or for real estate professionals, their firms, multiple listing services, and any affiliated entities or associations, including but not limited to:

- a) Photographs of properties
- b) Property descriptions and marketing materials
- c) Real estate-related software and databases
- d) Architectural plans and designs
- e) MLS listings and databases, and
- f) Any information, compilation, audio recordings, images, videos, messages, links, communications, or other data that is shared digitally or otherwise.

Recommendation #2: That NAR support cyber security legislative and regulatory initiatives which:

- a) Disrupt and deter cybercrime and cyber-enabled crime
- b) Do not unduly burden small businesses
- c) Foster collaboration among industry partners, government agencies, lenders, title insurance industry, and technology providers
- d) Encourage research and development of innovative cybersecurity technologies and solutions, and
- e) Provide a secure digital environment for the real estate industry

Recommendation #3: That NAR support comprehensive federal data privacy legislative and regulatory proposals to:

- a) Establish a Uniform National Standard: A single, federal privacy law will provide a clear and predictable regulatory environment for businesses, including REALTORS®, while ensuring strong consumer protections.
- b) Provide Consistent, Clear, and Comprehensive Consumer Protections: The law should apply to all industries that handle personal data, preventing regulatory loopholes and ensuring equivalent privacy standards for all consumers.
- c) Prioritize Statutory Obligations: To safeguard consumers, data privacy protections should be mandated by law, rather than relying solely on contractual agreements. Service providers and third-party processors must be subject to direct statutory obligations.
- d) Preserve Consumer Benefits: The law should maintain the ability to businesses and consumers to engage in mutually beneficial relationships, such as loyalty programs, without undue restrictions.
- e) Ensure Transparency and Choice: Consumers should have clear understanding of how their data is collected, used, and shared, with meaningful options to control these practices.
- f) Hold Businesses Accountable: The law should hold individual businesses responsible for their own data handling practices and avoid excessive liability for the actions of business partners. To foster competition, Main Street businesses should not be disproportionately burdened.
- g) Implement Effective Enforcement: A robust enforcement mechanism, including opportunities for businesses to rectify non-compliance, is essential to ensure widespread compliance and protect consumer rights.

VI. OTHER BUSINESS

VII. ADJOURN