

# STONE REPORT

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**Dear MCAR GAD,**

Welcome to the "Stone Report", a publication brought to you by the Government & Community Affairs Department of the Monterey County Association of REALTORS®

## **First Quarter Encouraging**

The statistics for Monterey County 1st quarter are in and the findings are encouraging. The data continues to trend positively in most categories bringing optimistic news for both home-sellers and those looking to purchase.

While sale prices are down and certainly a bargain for buyers, the average time on the market for a property prior to sale is down dramatically, roughly 37 percent from this time last year. Inventory is down 13 percent from the first quarter of last year, continuing a trend in supply reductions that began in the second quarter of 2008. Both are positive indicators when evaluating market cycle recovery time. Closed sales are up 213 percent from this time last year, underscoring both the increased efficiency of banks and real estate professionals to deliver product to the market, and a buyer pool ready to take advantage of it being a great time to purchase.

The Californian median sale price has declined at a greater rate than that of the national average, though data suggests dynamic markets are in place throughout California that are categorically outperforming state and national statistical averages. Local data finds Monterey County to fit this unique market profile.

## **Seaside Business License Update**

*I have included the original article that ran on this issue last month for reference (see below).*

After discussing the legality of whether or not the City of Seaside was able to restrict the issuance of City Reports for agents who's brokers had not paid their business license tax, it was determined that the City of Seaside did not have the authority to levy such a requirement.

MCAR attorney Paul Gullion engaged the City Attorney for Seaside in a dialogue to discuss the new procedure and whether or not it levied an unfair burden on one particular industry over the other. In the end, the City of Seaside agreed with our findings and has agreed to discontinue the practice of withholding documents (impacting the potential viability of a real estate contract) in exchange for observance of their business license ordinance.

The City of Seaside will continue to monitor the business license issue and will no doubt research practical ways to encourage and enforce adherence to this policy.

A special thank you to Paul Gullion for his work on this issue and the various MCAR members who contacted us regarding the problematic nature of the enforcement strategy. This is a perfect example of how we can achieve solutions collaboratively with your help.

If you notice a new practice, fee, or increased level of bureaucracy in your dealings with local government (as it pertains to real estate transactions), please notify us so that proper attention can be given to the matter. Thank you again!

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In an effort to raise municipal revenue, the City of Seaside has begun enforcing its Business License Tax Ordinance. The ordinance (Municipal Code Sec. 5.04.260) levies a flat charge (and incremental escalator) on gross receipts for transactions which occur within the city limits of Seaside.

NOTE, this is not a new ordinance. This law was passed a number of years ago but was not enforced. The City is now requiring adherence to the code prior to issuance of a city report. I have heard from a number of agents who have attempted to pull a city report and were told that their brokers needed to pay for their license before being granted the requested documents. A breakdown of the business license tax structure is listed below. I am also including a link to the business license application.

**Real Estate Broker:**

Fee: \$58.00 - \$0 up to \$25,000 or fraction thereof

PLUS \$10.00 - for each additional \$5,000 or fraction thereof in excess of \$25,000.

**Example:**

Receipts: \$0 - \$25,000 = \$58.00 Amount Due

Receipts: \$25,001 - \$30,000 = \$58.00 (+\$10) = \$68.00

Click [here](#) to visit the Seaside Bus. Lic. page.

## Bill to Abolish the DRE Voted on in Assembly Committee

AB 33 (Nava), which C.A.R. opposes, made it through the Assembly Banking Committee last Tuesday (4-14-09). This bill would abolish the **Department of Real Estate**, the Department of Corporations, the Department of Financial Institutions, and the Office of Real Estate Appraisers. AB 33 proposes to transfer the powers, duties, purposes, jurisdiction and responsibilities those departments to the Department of Financial Services, which would be a newly created overarching department.

C.A.R. opposes AB 33 because the function of a real estate licensee is not to provide financial services, but to list and show houses for sale, sell or manage investment

properties and raw land, and manage and oversee residential rental properties. Real estate licensees, regulated by the DRE, should not be blended in with the banks, credit unions, consumer finance lenders, residential mortgage lenders and pawnbrokers because, unlike these other licensees, real estate licensees are individually licensed agents that have a fiduciary agency relationship with their clients.

With it's passage out of the Assembly Banking Committee, AB 33 is back in the Assembly Business and Professions Committee with a hearing date scheduled for 4-28-09.

We will continue to update you on the status of this legislation in the days ahead.

## **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.

*Until next time,*

Kevin Stone  
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Monterey County Association of REALTORS®