



Director's Report- Judy Bixby-Arrington, CEA

Senior Director

November, 2009

BILL REVIEW COMMITTEE

The Governor received roughly 700 bills by the conclusion of the Legislature season. Bills that are not vetoed automatically become law. He signed approximately 450 bills and vetoed approximately 250 bills. Mike Belote, our advocate, expressed that the climate in Sacramento is still somewhat tense and the general feeling is that more attention needs to be paid to the overall budget.

ANNOUNCEMENT: *SB 306* was signed by the Governor in early August. This is a bill that the Banking Committee spearheaded and CEA sponsored. What does it do for the Escrow Practitioner?

This bill mandates that the lender who is willing to allow a short pay will provide a demand to the escrow requestor (now recognized as an entitled party). The lender has 21 days to respond upon receipt of a request, a copy of the short sale letter of approval and a preliminary title report or other acceptable form of evidence of liens on the subject property. In addition, the lender is to approve the HUD within 4 days of receipt. Otherwise, silence deems approval. Lexi Howard (Ventura), Lena Signor (?) and Mike Belote (Headquarters) were key players in making this happen. There will be special verbiage required when requesting the demand. That verbiage which (refers to the appropriate civil code) will be available prior to the implementation on January 1, 2010. This new law contains a sunset clause and expires on January 1, 2014.

AB 33 - Consolidating Regulatory Agencies is still a work in progress. Escrow companies regulated by DRE are excluded from this Consolidation. The bill is hanging out there - lack of directional clarity at this point. At the conclusion of the session, this bill is still alive and is now considered to be "a 2 year bill".

AB 442 - Notary Bill allowing for Matricular Consular card as acceptable form of identification. CEA, NNA and CLTA are all opposed. Bill expected to go to governor. **This bill was vetoed.**

AB 957 - was recently amended and is expected to go to the governor. This is the "Buyer's Choice" bill which provides for buyer's right to select title and escrow services in REO transactions. **This bill passed.**

It was reported by another member of the committee that as a result of AB 957, REO asset managers are requesting that if they prefer a specific escrow holder to handle the transaction and the buyer makes a different selection, then both buyer and seller have their own escrow holder. Mike noted that this will affect the neutrality of an escrow holder. (As a FYI, this is done in other states across the nation).

SB 94 - A great deal of our November CEA session was spent on loan modifications and the lack of success by the consumer. This bill passed and took effect on November 11, 2009. The bill provides that advance fees to process a request for a loan modification is now prohibited. This is good news for the consumer. One of the members of the committee shared an experience that occurred. An independent escrow holder accepted funds in the main trust account representing deposits for loan modifications. An escrow holder has little to do for loan

modifications, but being eager for business, sixty two (62) files were opened up. The loan-modification negotiator had not been successful, and on the advice of the attorney for the escrow holder, the files and monies were turned over to a mediator who will deal with the disbursement of funds. Beware!

CONFERENCE:

Conference was deemed a financial success in that CEA did not lose money. There were approximately 400 attendees, and another 30 or so exhibitors, and many supporting sponsors.

The survey was sent out and we spent some time reviewing it during the session. It was noted that certain classes will require more than one session. For example, the short sale class and elder abuse class could have gone another whole session. Excel requires more time, as well. Thought will be given when sessions are set up next year.

In addition, considerations are being given to having a lunch on Friday next year- raffles being broken up- installation will probably be held at Saturday lunch; but in an effort to provide for some networking, other things will be removed from the basic agenda. Conference is scheduled in Ontario next year and will be held on October 15th and 16th. A three part payment plan is being considered to provide as much opportunity for all to attend. Watch for further details.

FORMS & PRACTICE COMMITTEE:

In a welcomed move, the State Board of Equalization reached out to CEA and asked for our comments regarding a revision of the PCOR format. Many of the members made those recommendations and Lexi Howard will forward the comments and recommendations to the State Board on November 16, 2009. This is an excellent example of how CEA is being recognized within the real estate community. CEA is in the “big leagues” and is making their voice heard.

It was noted in the session that valuable information is posted on several of the websites that the committee monitors. They include CLTA, CAR, DRE among others.

One of the committee members made a suggestion as it relates to **short sales**: Request confirmation of receipt of payoff funds from the short sale lender. There have been several instances that funds are not necessarily applied, and may affect the validity of the sale. This is a **SHORT SALE hint** from a committee member who has experienced that very situation.

RESPA and practical application of the HUD-1 was a discussion. By this time, many of you are in the throes of becoming acquainted with this anomaly. Dave Shean who has been a part of the national committee made the suggestion that when preparing the HUD, you may be required to provide instructions in your closing amendment to allow you to do the credit and debits which are needed in an effort to make the file balance, and comply with new RESPA regulations. Remember, the HUD-1 is a national document. It affects residential, one to four family residences with loans. It is not required on “all cash” transactions.

Respectfully submitted,

**Judy Bixby-Arrington
Senior CEA Director**