

MINUTES
2019 REALTORS® LEGISLATIVE MEETINGS
BOARD OF DIRECTORS MEETING
Marriott Wardman Park
Marriott Ballroom
Saturday, May 18, 2019
8:30am – 1:00pm

1. CALL TO ORDER:

Presiding: John Smaby, Minneapolis, Minnesota, 2019 NAR President.

President Smaby announced that a quorum was present and called the meeting to order at 8:30 a.m. Eastern Time in the Marriott Ballroom of the Marriott Wardman Park Hotel, Washington, D.C.

The Pledge of Allegiance was led by Melanie Barker, Oakhurst, California, 2019 Public & Federal Issues Liaison.

The inspiration was given by Stephanie Walker, Kitty Hawk, North Carolina, 2019 Law & Policy Liaison

2. INTRODUCTION OF 2019 NAR LEADERSHIP TEAM AND PARLIMENTARIAN:

President Smaby introduced the 2019 NAR Leadership Team, Parliamentarian, and NAR Senior staff seated at the head table:

- Vince Malta, President-Elect
- Charlie Oppler, First Vice President
- John Flor, Treasurer
- Tracy Kasper, Vice President of Advocacy
- Brian Copeland, Vice President of Association Affairs
- Elizabeth Mendenhall, Immediate Past President
- Bob Goldberg, Chief Executive Officer
- Katie Johnson, General Counsel & Chief Member Experience Officer
- W. B. [Bart] Tichenor, Parliamentarian

Katie Johnson, NAR General Counsel, reminded the directors of their fiduciary duties as a director on NAR's Board of Directors, and NAR's Ownership Disclosure and Conflict of Interest Policy included in the Board of Directors' meeting materials, set forth as Exhibit A.

President Smaby reviewed the electronic voting instructions for the meeting.

NAR opposes the use of excess reserves under the FHA Mutual Mortgage Insurance Fund for purposes other than reducing and/or eliminating the borrower's mortgage insurance premium and/ or improving the operations of FHA; so long as it does not negatively affect necessary FHA reserves or artificially increase premiums.

The rationale provided for such recommendation was as follows: HUD and FHA continue to struggle with antiquated technology. This slows down and complicates the loan process for REALTORS® and their clients. Currently, FHA excess reserves (those above the legally required 2%) go into the General Treasury Fund. Allowing FHA to use its own profits, held in the excess reserves, to improve their own systems would create efficiencies in the program. However, NAR wants to ensure that premiums are not increased to “create” excess reserves.

H. INSURANCE COMMITTEE

Chair Maura Neill, Alpharetta, Georgia, presented the following recommendation of the Insurance Committee:

Recommendation 1: To support a national disaster public policy that:

- a. Includes post-disaster emergency assistance but emphasizes pre-disaster planning, preparedness, prevention, and the proactive reduction of risk;
- b. Is limited to nationally catastrophic events that exceed the capabilities of local and state governments;
- c. Promotes the private insurance market to assume more disaster risk but does not crowd out private capital or preempt state insurance regulations or programs;
- d. Ensures that property insurance rates align with the true, specific risk of each individual building;
- e. Does not impose more than a nominal assessment, surcharge or cross subsidy from some insurance policyholders to others;
- f. Encourages communities to adopt higher building codes and ordinances that avoid costly retrofits and damage in high-risk areas;
- g. Provides federal assistance for existing high-risk development to mitigate or relocate; and
- h. Provides for full transparency, state disclosure requirements and accurate hazard mapping so consumers can make informed, responsible risk decisions.

The rationale provided for such recommendation was as follows: NAR has detailed policy on flood insurance. This recommendation would enable the Association to address a broader range of federal disaster programs and proposals. Adopting these principles would position NAR on U.S. disaster policy and enable the staff to advocate more effectively on behalf of the membership.

The Executive Committee presented a recommendation to amend the Insurance Committee's recommendation by striking item b.

The rationale provided for this amendment was as follows: The Executive Committee had concerns that the term “nationally catastrophic event” was not well defined and decided to delete bullet (b). The Executive Committee encouraged the Insurance Committee to continue refining NAR’s policy in this area.

A motion carried to approve the Insurance Committee’s recommendation as amended by the Executive Committee as follows:

To support a national disaster public policy that:

- a. Includes post-disaster emergency assistance but emphasizes pre-disaster planning, preparedness, prevention, and the proactive reduction of risk;
- b. ~~Is limited to nationally catastrophic events that exceed the capabilities of local and state governments;~~
- c. Promotes the private insurance market to assume more disaster risk but does not crowd out private capital or preempt state insurance regulations or programs;
- d. Ensures that property insurance rates align with the true, specific risk of each individual building;
- e. Does not impose more than a nominal assessment, surcharge or cross subsidy from some insurance policyholders to others;
- f. Encourages communities to adopt higher building codes and ordinances that avoid costly retrofits and damage in high-risk areas;
- g. Provides federal assistance for existing high-risk development to mitigate or relocate; and
- h. Provides for full transparency, state disclosure requirements and accurate hazard mapping so consumers can make informed, responsible risk decisions.

I. LEGAL ACTION COMMITTEE

Chair Max Gurvitch, Brooklyn, New York, presented the following recommendations of the Legal Action Committee:

Recommendation 1: A motion carried that NAR provide funding up to \$100,000 for the legal fees incurred by Exclusive Real Estate Holdings, Inc. DBA Keller Williams Exclusive Properties and Robert R. Harris in the case *Christina Gabriel v. Exclusive Real Estate Holdings, Inc. DBA Keller Williams Exclusive Properties and Robert R. Harris*.

The rationale provided for such recommendation was as follows: The plaintiff seeks penalties under the California Private Attorneys General Act (PAGA) for the defendants’ alleged misclassification of its salespersons as independent contractors, failure to reimburse and indemnify necessary business expenses, failure to timely pay all wages to terminated employees, and failure to furnish accurate wage statements. Defendants maintain that their salespersons were properly classified as independent contractors.