

ARIZONA HOUSE OF REPRESENTATIVES
Forty-ninth Legislature – Second Regular Session

COMMITTEE ON COMMERCE

Minutes of Meeting
Wednesday, March 24, 2010
House Hearing Room 5 -- 9:00 a.m.

Chairman Reagan called the meeting to order at 9:12 a.m. and attendance was noted by the secretary.

Members Present

Ms. Cajero Bedford
Mr. Campbell CH
Mr. Crandall

Mr. Konopnicki
Mr. Pratt

Mr. Hendrix, Vice-Chairman
Ms. Reagan, Chairman

Members Absent

Mr. Meza (excused)

Committee Action

SB1130 – DP (6-0-0-2)
SB1146 – DP (7-0-0-1)
SB1202 – DP (6-0-0-2)

SB1219 – DPA (5-1-0-2)
SB1326 – DP (7-0-0-1)
SB1351 – DP (5-1-0-2)

CONSIDERATION OF BILLS

SB1130 - foreclosure consultants – DO PASS

Vice-Chairman Hendrix moved that SB1130 do pass.

Diana O’Dell, House Deputy Research Staff Director, explained that SB1130 adds regulations for foreclosure consultants and provides for full disclosure to the homeowner. It establishes a Class 1 misdemeanor for fraud or deceit by foreclosure consultants (Attachment 1).

Jennifer Boucek, Legislative Liaison, Attorney General's Office, testified in support of SB1130, stating that this is familiar legislation which is also in a version of a House bill that passed earlier. She explained that recent input from the Real Estate Investors Association resulted in additional provisions being added to this bill in order to draft it very narrowly to affect only those people who present a threat to Arizona consumers.

She explained that her office has received complaints about almost 300 companies engaged in foreclosure consultant activities, half of which are out-of-state companies.

Ms. Cajero Bedford asked if “foreclosure consultant” is a new industry. Ms. Boucek replied that there have been counselors around before, but this bill targets those who demand up-front fees before any consulting work is done, and in many of those instances there is no work done at all, leaving the consumer worse off than before. She added that the industry has grown because of the foreclosure crisis in this country.

Vice-Chairman Hendrix announced the names of those who signed up in support of SB1130 but did not speak:

Allison Bell, Arizona Chamber of Commerce & Industry
Stacey Langford, Arizona Bankers Association

Question was called on the motion that SB1130 do pass. The motion carried by a roll call vote of 6-0-0-2 (Attachment 2).

SB1202 - county treasurer; excess foreclosure proceeds – DO PASS

Vice-Chairman Hendrix moved that SB1202 do pass.

Jason Horton, House Majority Intern, explained that SB1202 requires the trustee to mail notices of sales to all known addresses of a trustor and other interested parties. It outlines requirements for mailing notices, applications and affidavits that pertain to a trustee’s sale (Attachment 3).

Anjali Abraham, Government Affairs Director, Arizona Association of Counties, testified in support of SB1202 and explained the intent of the bill to the Members. After trustee sales, notices of excess proceeds are not getting to the homeowners, in many cases because a notice is being sent to the house that a homeowner has left. The excess proceeds are deposited in the County Treasurer’s Office, but must be dispersed to the proper person. SB1202 will help the counties get the money to the right persons.

Question was called on the motion that SB1202 do pass. The motion carried by a roll call vote of 6-0-0-2 (Attachment 4).

SB1219 - real estate licensees – DO PASS AMENDED

Vice-Chairman Hendrix moved that SB1219 do pass.

Diana O’Dell, House Deputy Research Staff Director, explained that SB1219 amends the regulations for real estate licenses by revising definitions, updating statutory language, and authorizing the voluntary surrender of a license (Attachment 5).

Vice-Chairman Hendrix moved that the Reagan five-page amendment dated 3/18/10 (Attachment 6) be adopted.

Ms. O’Dell explained that the amendment provides for technical and conforming references to the Arizona Department of Real Estate.

Question was called on the motion that the Reagan five-page amendment dated 3/18/10 (Attachment 6) be adopted. The motion carried.

Vice-Chairman Hendrix moved that SB1219 as amended do pass.

Senator Barbara Leff, sponsor, thanked the Members for their support.

John Mangum, Arizona Association of Realtors, testified in support of SB1219, explaining that it does re-regulate business brokers, which were deregulated several years ago.

Vice-Chairman Hendrix announced the names of those who signed up in support of SB1219 but did not speak:

Meghaen Duger, Arizona Association of Realtors

Tom Farley, Lobbyist, Arizona Association of Realtors

M. Utey, Assistant Commissioner, Arizona Department of Real Estate

Question was called on the motion that SB1219 as amended do pass. The motion carried by a roll call vote of 5-1-0-2 (Attachment 7).

SB1146 - technical correction; liquor suppliers(NOW: park models; rights when selling) – DO PASS

Vice-Chairman Hendrix moved that SB1146 do pass.

Brooke Olguin, House Majority Assistant Research Analyst, explained that SB1146 allows a tenant of a recreational vehicle (RV) park to display a “for sale” or “open house” sign on his RV or in his window and to use any sales agency or broker of choice. It also expands the definition of “RV” to include park models from which the wheels have been removed (Attachment 8).

Senator John Huppenthal, sponsor, explained that SB1146 is a property rights issue to allow individuals to sell his property at a fair price. He thanked the Members for their support.

Jean Creagan, Legislative Director, Arizona Association of Manufactured Home Owners (AAMHO), stated her support for SB1146, explaining that in many instances a park owner is denied the right to sell his personal property as he chooses. This bill establishes that legal right.

Ms. Cajero Bedford asked if this includes the larger mobile homes or just the park models. Ms. Creagan replied that this bill does not include the mobile homes, which already have this right. She added that the smaller, park models have not had this right before.

Mr. Pratt asked, since many of these RV parks are gated communities, if prospective buyers can get easy access.

Margaret Webb, representing self, testified in support of SB1146.

Kara Holt, Moms and Pops of America, stated her support for SB1146, explaining that allowing signs inside the RV parks will inform people in the community who might know prospective buyers. She distributed information for the Members (Attachment 9). She then addressed Mr. Pratt’s question, explaining that different parks have different standards, but that there should be no problem allowing access to potential buyers.

Susan Sell, representing self, stated her support for SB1136, explaining that as a long-time resident she had never been allowed to put a sign in the window and she feels this is an important opportunity.

Vice-Chairman Hendrix announced the names of those who signed up in support of SB1146 but did not speak:

Dana Paschke, AAMHO
Glen Sentlaub, representing self
Frank Gosvenor, representing self
Everett Fountain, representing self
Dudley Brown, representing self
Donald Sharp, representing self
Beth Straley, 40 Days for Life
Larry Sell, representing self
James Hallgren, 40 Days for Life

Question was called on the motion that SB1146 do pass. The motion carried by a roll call vote of 7-0-0-1 (Attachment 10).

SB1326 - athletic training board; omnibus – DO PASS

Vice-Chairman Hendrix moved that SB1326 do pass.

Jason Horton, House Majority Intern, explained that SB1326 expands the scope of athletic training to include the treatment of athletic illnesses and injuries sustained as a result of games, sports and recreational or physical activities regardless of their competitive nature (Attachment 11).

Vice-Chairman Hendrix announced the names of those who signed up in support of SB1326 but did not speak:

Eric Sauers, Director, Athletic Training Education Program
Richard Ball, Arizona Athletic Trainers' Association
John Parsons, Arizona Athletic Trainers' Association
Tamara Valovich Mcleod, Associate Professor, Athletic Training, representing self
Laurie White, Vice Chair of Arizona Athletic Trainers' Association
Kellie Huxel, Athletic Trainer/Assistant Professor, A.T. Still University, representing self
Gregg Schroeder, representing self
Barton Anderson, Athletic Trainer/Assistant Professor, representing self
Amanda Weaver, Executive Director, Arizona Osteopathic Medical Association
Alison Snyder, Athletic Training Educator, representing self
John Neel, FITLIFE Health Systems

Susan Cannata, Attorney, Arizona Athletic Trainers' Association, appeared in support of SB1326 and explained that this bill came about because of last fall's sunrise process. That process identified several scope of practice issues which are remedied by this bill, such as including treatment of athletic illnesses and injuries resulting from noncompetitive athletics.

Question was called on the motion that SB1326 do pass. The motion carried by a roll call vote of 7-0-0-1 (Attachment 12).

SB1351 - appraisal management companies – DO PASS

Vice-Chairman Hendrix moved that SB1351 do pass.

Brooke Olguin, House Majority Assistant Research Analyst, explained that SB1351 outlines requirements and regulations for appraisal management companies (AMCs) and independent appraisers (Attachment 13).

Jack Lasota, Coalition of Arizona Appraisers, testified in support of SB1351. He explained that in Arizona and many other states appraisal management companies are the only part of the real estate and mortgage lending world which are not regulated. He added that all the states around Arizona have adopted appraisal management legislation and there is no opposition to this bill.

Ann Susko, Coalition of Arizona Appraisers, stated her support for the bill. She explained that the Home Valuation Code of Conduct (HVCC) eliminated realtors and mortgage brokers from being involved in appraisals and it is left to the banks, which own appraisal management companies. She added that many of these companies are located out-of-state so many transaction dollars are leaving Arizona, and sometimes the companies do not pay Arizona appraisers. She stressed the importance of having regulation and registration of the management companies under the Arizona Board of Appraisal.

Joanna Conde, representing self, expressed her support for SB1351. She is a residential appraiser and stated her belief that this legislation is the remaining piece of real estate regulation.

Ms. Conde then described some issues she would like to see as amendments incorporated into this bill:

- “completed appraisal” must be properly defined
- clarification of appraisals for trusts and independent appraisers
- geographic competence of an appraiser
- indemnity and accountability
- appraisal prices must be disclosed

She concluded by saying that Arizona real estate must be protected by ensuring transparency and fair regulation.

Jay Kaprosy, Senior Government Relations Advisor, Arizona Bankers Association, testified as neutral on SB1351, explaining that many banks have relations with AMCs, but very few AMCs are wholly owned subsidiaries of banks. He stated that there have been thorough negotiations, this bill is complete, and further amendments might be problematic.

Vice-Chairman Hendrix announced the names of those who signed up in support of SB1351 but did not speak:

Sue Miller, Real Estate Appraiser, representing self
Meghaen Duger, Arizona Association of Realtors

Tom Farley, Lobbyist, Arizona Association of Realtors
Elaine Arena, Phoenix Chapter of the Appraisal Institute
Elizabeth Hatch, Mortgage Brokers Association
John Moody, Attorney, Coalition of Arizona Appraisers

Question was called on the motion that SB1351 do pass. The motion carried by a roll call vote of 5-1-0-2 (Attachment 14).

Without objection, the meeting adjourned at 10:09 a.m.

Jane Dooley, Committee Secretary
March 25, 2010

(Original minutes, attachments and audio on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)