

What's New in Government Affairs

Special Edition: The Plumbing Issue!

November 17, 2010

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LOCAL

IMPORTANT INFORMATION ABOUT MANHATTAN BEACH RETROFITS: On November 17, the Manhattan Beach City Council voted to require homeowners to retrofit toilets four to six months after they close escrow. SBAOR worked overtime to minimize the impact of point-of-sale on REALTORS® and their clients. Keep reading to learn about some key protections we achieved.

Last March, SBAOR successfully opposed a requirement for **every** plumbing fixture – faucets, showerheads, irrigation, clothes washers, dishwashers, toilets – to be retrofitted at sale. Had SBAOR not opposed it, this would have passed into law. However, toilets remained under consideration. On November 17, the City approved a City-to-buyer “Notice” and a requirement to retrofit toilets to 1.28 Gallons Per Flush (“gpf”) at 120 days after escrow and 180 days for remodels/teardowns. The ordinance may be amended to make it 180 days for all cases.

How does this protect REALTORS® and their clients?

No Signature Required. The Notice requires a signature of the buyer, the seller, and licensed plumber, contractor, inspector, or architect. REALTOR® signature is not required. REALTORS® are not plumbing experts and should not take on the liability of assessing a property condition for which they are not qualified.

No Additional REALTOR® Forms. The City will supply its own form with the existing Building Report. The emphasis is on the buyer and seller; the REALTOR®’s signature is not required.

Reduced Cost to Buyers and Sellers. The City has indicated to SBAOR that conversion kits costing as little as \$20-\$30 that convert toilets to 1.6 gpf may be sufficient until 2014. This helps reduce water use and also may reduce escrow closing costs. This kit may not work on all toilets. *Buyers are urged to have a professional (as shown on the Notice) certify that the kit is rated by a recognized testing agency to achieve an average 1.6 gpf.* Contact City officials for details.

Existing 1.6 gpf Toilets Exempted Until 2014. Are the toilets in your listing already 1.6 gpf? If so, then the ordinance does not apply until 2014.

Time After Escrow. The buyer has 120 days to retrofit, or 180 days for remodels and teardowns. SBAOR will keep you informed if this date increases. No additional REALTOR® involvement is necessary. This helps protect you from additional liabilities and allow you to focus on your true expertise: helping qualified buyers and sellers to claim their share of the American Dream.

Foreclosures and Short Sales. Foreclosures, REO’s and short sales present additional risks and costs to buyers and REALTORS®. Because of this, these situations are exempted.

Teardowns. It makes no sense to change the toilets if the buyer plans to tear down and rebuild. Teardowns are exempted by obtaining a demolition permit 180 days after escrow.

Other Special Cases. Estate transfers and other situations are exempted. REALTORS® are recommended to refer their clients to City officials to determine if their special situation qualifies.

Why Government Affairs?

Every city makes decisions on taxes, point-of-sale, signs, rent control, property rights, and more. This impacts your client’s ability to buy, sell, or develop their properties and your ability to do business. The South Bay Association of REALTORS® Government Affairs Program protects and advocates for you. For more information, call SBAOR Government Affairs at (310)326-3010 ext. 715

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MORE ABOUT PLUMBING RETROFITS AND POINT-OF-SALE

What else resulted from SBAOR's efforts regarding point-of-sale?

As an industry, we raised awareness about point-of-sale. All over Los Angeles County and California, we regularly face point-of-sale mandates. Just in SBAOR's area alone in the last year, we successfully defeated or delayed these:

- **Redondo Beach** – Inspect and repair sewer laterals at point-of-sale.
Potential cost: \$900-\$2,000 in escrow.
- **Los Angeles** – Repair broken sidewalks at point-of-sale.
Potential cost: An average of \$1,700 in escrow; extreme cases may go as high as \$7,000.
- **Hawthorne** – Require code inspections at point-of-sale.
Potential cost: Hundreds \$\$\$ or even Thousands \$\$\$.

Point-of-sale is a critical issue for our industry and we continue to find governments who favor it. Our ongoing task is to educate the public, buyers, sellers, other professions, and governments about the impacts of point-of-sale.

How can I help?

Listen. Engage government officials, urban planners, architects, and others in a conversation about point-of-sale.

Learn. Don't know much about point-of-sale? Check out great resources available at NAR, CAR, and SBAOR to understand what's at stake.

Talk. We often hear about these issues from REALTORS[®] just like you. If you hear something, talk about it.

Show. You already have stories from your professional experience about the risks and stresses already in escrow. Share your stories about how home sales work and illustrate just how risky point-of-sale can be.

Questions? Comments?

Contact SBAOR Government Affairs at (310)326-3010 or david@southbayaor.com.

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