

NHSCA Monthly Update
Wednesday, Oct. 3, 2018 at 2:00 pm CDT.

2-10 Home Buyers Warranty: Mike Bartosch, Jessica Carlson, Adam Harris
AHG Home Warranty: Chad Forbush
AHS Family of Companies: Mark Celichowski
America's Preferred HW: Rodney Martin
Fidelity: Lorna Mello
First American: Andy Hand
HMS Home Warranty: John Walsh
National Home Guaranteed: Richard Adams
Old Republic Home Protection: Chris Wasson
NHSCA Staff: Art Chartrand, Joy Moore

Roll call was taken and a quorum was present.

NHSCA President

Lorna Mello announced effective yesterday, she is the President of Fidelity National Home Warranty and no longer with Old Republic. Congratulations to Lorna Mello. Under the NHSCA bylaws, Board member and officer positions belong to member companies. So effectively, Old Republic and Gwen Gallagher are the current President of the NHSCA. Chartrand noted this is the case despite that it appears we elect a person when choosing a President and perhaps the bylaws might be changed in the future to make it a personal appointment. Chartrand stated that Gallagher could retain the position or defer to a new election of Mello. If she defers, staff will send out an email vote to members to elect or confirm Mello with Fidelity as the new NHSCA President. Since some members are not on today's call and would not have fair notice, an email vote of all members would cure any challenge. After much discussion, this was the preferred approach to resolve sooner than the next November call. It was also suggested we amend the bylaws for the future that the officer positions are personal, and in event of a resignation, death, disability or change of employment, the Vice-President serves as the acting President until a new special election can be held.

Membership

Choice now has a new general counsel who has contacted the NHSCA office. His name is Brian Tretter. Chartrand has a call with Mr. Tretter on Oct. 9. Tretter wants to reinitiate contact with us. Chartrand will report back. Committee draft Ver. 2.0 needs to be voted on by next month's meeting. **Additional Copy enclosed with this mailing.**

A decision on Choice, or any other new member, in terms of procedure, could relate to our development of a provisional membership protocol which has been in development. Provisional Membership Protocol Rules and Procedures version 3.1 with a new draft cost structure was emailed to all members today. More input is needed from members for a vote next month.

Chartrand talked to Frosch and other consultants. They have not gotten back to him regarding incentives, etc. Discussed were concepts of % of dues on a sliding scale over several years to compensate a successful party. If other members have other ideas, let Chartrand know.

State Updates:

DC. SCIC signed off on the model draft last Spring. A hearing will be later this month with the full DC Council. It looks like we are in good shape as form and rate filing were removed from the current October 2 draft in play. It is otherwise a fairly standard registration law. Chartrand asked to add “in this District” based upon recent experience in Oklahoma and Florida. We had asked for a net worth value to be \$ 25 million but \$50 million may be as low as the District is willing to go. Eliminating rule-making and eliminating additional DISB subjective authority was pushed as far as we could go.

OK – The Oklahoma statute, ORS 36-6751 states that it regulates contracts “in this state” eleven (11) separate times. Sections 36-6753 (C)(1)(a) does state reserves are limited to contracts “in this state” but in the same section sub (b) on the deposit, does not again redundantly say, “in this state.” It is clearly assumed but state DOI staff has said otherwise and wish to impose the deposit based upon out of state property and contracts. Chartrand noted that state legislative drafting offices, whom we must always work with, often prevent unnecessary redundant clauses. We have run into a similar issue before. We cannot tolerate or have state exercise extra territorial jurisdiction.

Chartrand talked to NHSCA Lobbyist, Gary Bastin about getting Comr. Doak to agree with us. We hope to solidify without us having to seek more gratuitous legislation. Chartrand and Bastin will plan to meet with Comr. Doak (and his 2019 successor) in person to resolve.

Walsh moved to expend up to \$6000 if needed, for lobbying expense, to resolve and then assess again after meetings in Oklahoma City with Commissioner Doak. Second by Wasson. Motion passed unanimously

Florida has a similar issue to Oklahoma but actually has affirmative language in the statute that they can regulate contracts written “from” the state or that are outside of the state. Chartrand suggest we pursue legislation to make it clear the statute only applies to contracts and property in the state of Florida. Since this will affect SCIC Chartrand will visit the Tim Meenan to make sure he is fully behind it. Walsh indicates Meenan is on board.

Bartosch made motion and second by Walsh to authorize up to \$5000 to employ lobbyist and put this in motion. Motion passed unanimously.

NV – Commissioners agreed to most of our points. Principally is a change by regulation to allow for deduction of benefits paid in event of a consumer cancellation. This may take through the end of this year to finalize. A new regulation has been drafted and our lobbyist has it to work out details with staff.

Texas – Chartrand noted he has drafted the necessary legislative changes for 2019 as requested by members. Parker reported the next step is to set up a meeting with TREC. Parker and Chartrand are working to find a date to meet in person with Bev Rabenberg. Borges would like to be notified of the date and time as she may attend the meeting as well. Chartrand will notify SCIC of the TREC meeting.

KY Sales Tax –We continue to pursue written confirmation of our agreement of no tax on sale of home warranty contracts with the Department of Revenue.

WA State Contractor's Board – Chartrand has asked NHSCA lobbyist, Jim Justin, to see about setting up a meeting with the Contractor's Board. Justin knows the issues and the parties and is ready to proceed at \$5000 a month. (Note: Post call the NHSCA officers all authorized the initial \$5000 expenditure via email consistent with prior practice to expend up to \$5000 without a full board vote.) We will reassess the effort and costs of further resolution after meeting with the Board.

SCIC Communication Protocol - Chartrand is waiting on feedback on version 1.0 from members. Chartrand would like to adopt next month.

Annual meeting update- Members voted to pursue Thursday, May 30 as meeting date in South Lake Tahoe for the 2019 annual meeting. The traditional pattern will stay the same with dinner the night before the meeting and a special outing following the meeting. Weather may be cooler, but the dates work better for most all members.

NAR- Staff reminded members they will be at NAR on November 2-5.

TAR – Chartrand is writing to TAR Board of Directors regarding changing TAR Expo dates to Friday instead of Sunday.

The call adjourned at 3:00 pm CDT.

Next regularly scheduled monthly call is Nov. 8 @ 2:30 pm.