Real Estate Advisory Board
02 January 2026

<u>AGENDA / MAIN TOPICS:</u>

1. The College of San Mateo and the CSM Real Estate Program (Introductory Section)
2. Covid, New Public Health Concerns, and Real Estate (RE)
3. RE market conditions and trends
4. Rapidly changing new legal and market environments
5. Insurance involved in Real Estate
6. Financing involved in Real Estate
7. Taxes involved in Real Estate
8. State Preemption of Local Communities' Real Estate Planning, Land Use, and Building Oversight
9. Changes in the legal structure/ operations of the RE industry
10. SMCCCD "Free College" Program Success
11. CSM Real Estate Program Updates, Success

    Fin.

R/S: Professor Marc Gottlieb
("Half a Century Helping Nice Students SUCCEED!")
Grateful Recipient of the California Community Colleges system's statewide Real Estate Education Award.

College of San Mateo
Real Estate Advisory Board
02 January 2026 Meeting

List of Attendees

Donna Marie Baldwin, Real Estate Salesperson with Compass Premier Realty, Burlingame, California.
Mrs. Baldwin is a California Real Estate success story in her own right. She has, through diligent efforts, developed an extensive clientele and an even wider public following. Her reputation for effective RE representation, integrity, and high quality of client services is among the top tier in the state. Mrs. Baldwin has been one of America's leading sales people for many years and has ranked at least as high as Number 9 nationally in annual sales.
Compass is America's largest independent RE brokerage firm with over 18,000 agents and valuation of approximately $7 Billion USD. Mrs. Baldwin completed her qualifying RE education with CSM.

Robert Pedro, Owner and Broker of Signature Real Estate, Redwood City and Foster City, California.
Mr. Pedro runs a highly respected local brokerage in San Mateo County and has been voted “Realtor of the Year for Outstanding Service and Contributions to the Real Estate Profession.” He is preparing to open his third Peninsula Real Estate office. He has also managed and increased the sales for a highly-respected local “boutique” brokerage office for another firm. He has assisted several new agents in building their sales volumes and proceeding to their desired specialty niches in the real estate trade. He served honorably with the United States Marine Corps. And, he is very active

contributing a great deal of time and assistance to local community, church, and charitable causes.

Larry Franzella, Managing Partner and Broker, Intero Real Estate, San Bruno, California.
Having been a founding partner in his office's predecessor brokerage some 45+ years ago, Mr. Franzella grew the operation into the largest RE brokerage office in San Mateo County. Intero is a key component of the Berkshire-Hathaway HomeServices of America Corporation (HSA). HSA has over 1600 staff and earns over $2 Billion of revenue each year. Mr. Franzella is highly respected as a leader in both California real estate and in the community. He has been active in civic affairs including a ten year stint as mayor of San Bruno. Mr. Franzella completed his qualifying RE education with CSM.

Professor Marc Gottlieb, Chair, College of San Mateo. Prof. Gottlieb has over a Half Century of successful teaching experience. He has taught Real Estate, law, business, management, engineering, and additional courses with several universities and colleges (CSM for the last 53 years). He also functions as the RE department chair. Prof. Gottlieb serves as the college liaison with the State of California Department of Real Estate, with the statewide Real Estate educator's association, and with the realty industry. Marc has been awarded a number of teaching, academic, and community service awards, including the California Community Colleges' statewide Real Estate Education

Award. He completed his BS and MS at Stanford with University Distinction and national honors. He also holds an MBA (Honors), MPA (national honors), and a Juris Doctor Magna Cum Laude (with numerous top student honors) from the University of San Francisco Kendrick School of Law. Professor Gottlieb is a licensed Attorney with both the California and United States courts.

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R/S:
Professor Marc Gottlieb
(“Half a Century Helping Nice Students SUCCEED!”)

Grateful Recipient of the California Community Colleges' statewide Real Estate Education Award.

Subject: Re: REAB draft report

Draft v12

COLLEGE OF SAN MATEO
REAL ESTATE ADVISORY BOARD
MINUTES/UPDATE REPORT
02 January 2026

MINUTES/ NOTES

AGENDA / MAIN TOPICS:

0. The College of San Mateo and the CSM Real Estate Program (Introductory Section)
1. Covid, New Public Health Concerns, and Real Estate (RE)
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9. SMCCCD "Free College" Program Success
10. CSM Real Estate Program Updates, Success
11. Participants/ Contributors

(Organized here to enable any interested reader with quick referencing and updating from last year's report.)

O. The College of San Mateo and the CSM Real Estate Program (Introductory Section)

CSM has been providing quality college-level learning opportunities since its founding in 1922. With the main campus situated in the San Mateo hills overlooking the San Francisco Bay Area, a satellite campus in Half Moon Bay near the Pacific Ocean, and a wide range of convenient online Distance Education course offerings including Real Estate, CSM currently has over 10,000 students.

CSM is fully accredited (Western Association of Schools and Colleges) and is consistently rated in the top tier of American community colleges. Interested persons are cordially invited to inquire for additional information and/ or take a video tour of the beautiful 153 acre main campus here: https://www.youtube.com/watch?v=bdFN9NP16Dw

College of San Mateo is a California public community college. The California Community Colleges serve three principle student clientele:

1. Students planning to transfer to University- level studies and/or those seeking Associate degrees,

2. those seeking career and technical education, preparation, and skills, and

3. people wishing to enhance their personal knowledge about any of a variety of subjects of interest.

CSM is fully accredited (Western Association of Schools and Colleges) and is consistently rated in the top tier of American community colleges.

CSM adheres to an Open Door policy. Admission is on a **non-discriminatory** basis without regard to race, religion, national origin, ancestry, sex, marital status, age, etcetera. All are welcome at CSM!

The College of San Mateo RE Department offers courses leading to:

(1) CSM Certificates of Specialization in Real Estate and

(2) full educational eligibility to sit for the California State Real Estate Sales Agent License Examination.

(3) In addition, the CSM Real Estate courses are transferable to all 23 California State Universities (Matriculation agreement in place) and to most other universities and colleges.

Many RE students are preparing themselves to launch new or "recycled" careers.

Real Estate careers may be pursued in real estate sales, brokerage, land development, urban and regional planning, title insurance, escrow, property management, banking, finance and lending, property divisions of major corporations in diverse industries, investing, appraisal, and more. These include some potentially highly -remunerative career opportunities, especially in residential sales, the leading student interest area.

1. COVID, New Public Health Concerns, and Real Estate (RE)

The COVID legal restrictions on the RE industry have essentially dissipated. However, some public health concerns remain. The federal Centers for Disease Control "recommend a 2025-2026 COVID-19 vaccine for people ages 6 months and older based on individual-based decision-making.The COVID-19 vaccine helps protect you from severe illness, hospitalization, and death.It is especially important to get your 2025–2026 COVID-19 vaccine if you are ages 65 and older, are at high risk for severe COVID-19, or have never received a COVID-19 vaccine."

Additional communicable diseases are "in the air," too. San Mateo County experienced an outbreak of whopping cough and there have been reported monkey pox (MPOX) and influenza cases in the region. Recent/ 2025 health alerts include MPOX, measles, Influenza A, and more.

Several of the COVID-era adaptations continue as effective business practices. These include the use of the internet for some initial home showings or tours, many client communications, and the expanded electronic transmission of various legal documents:

1a. **Increased Use of the Internet**
The recently- increased use of the internet to make basic listings (property availability) information available for the public is now a fixture of the industry. This is being done

both by the realty trade association and several private investor corporations. The internet is also being used for some (initial) remote video property and neighborhood, community tours.

1b. The recently- increased use of electronic distribution of inspection reports, various disclosure documents, and more, together with more electronic approvals of some legal documents, are also now fixtures of the industry. These have been included in the coursework given their apparent permanency and state law's having opened the door.

Comment: The computerization, electronic-ization of so many steps and documents involved in the real estate industry tends to favor those (generally larger) brokerages that can properly adapt, support, maintain, and staff these modalities.

2. Market Conditions and Trends:

<u>The San Mateo Peninsula/Bay Area area realty markets remain among the strongest in America.</u>

“At the start of 2026, COMPASS' Mark Wong reports from Silicon Valley that 22 properties sold for over $200,000 more than their list prices in December! Two of those properties even snagged an extra $600,000 in this rebalancing market. Multiple offers are still making a splash, with three homes attracting more than 10 offers in just about a week.” This multiple-offers with some over-price bidding is being seen in San Mateo County as well as Santa Clara County.

The realty markets are being buffeted by federal policies, California state legislation of various kinds, and changes in the lending, insurance, and taxation arenas. A few details follow.

2.1 **Supply**

2.1a. The overall physical **single-family housing supply** remains constricted by California's legal restraints and regulations preventing most new developments of this type (and/ driving its costs up to the higher price ranges).

2.1b. The supply of single family primary-residence houses on the market for sale is constrained by a number of factors including the high capital gains taxes due on sale.

2.1c. The physical supply of **condominium units** (especially on the north Peninsula and in San Francisco, Redwood City also) is noticably greater due to the recent construction of a number of condo projects, (see also the State preemption section, infra).

2.1d. The supply of condo units on the market for sale has grown due to the new construction.

2.2 Demand

2.2a. **Economic demand for traditional "single family" houses continues strong.**

Layoffs.

Yes, there are layoffs. However, unlike in many other USA housing markets, Peninsula/Bay Area layoffs include many folks who are not extensive participants in the local housing buy/sell market.

Most local employees are priced out of this realty market. (Note: recent data finds that it takes an annual income of $513,200 in San Mateo County and $487,600 in Santa Clara County to qualify to purchase a median-priced used house). So, if 5,000 people are laid off perhaps only 3- or 400 had the incomes (or wealth equivalents) necessary to purchased houses in this high-priced area. And, many of those already own houses or are just not interested in acquiring, purchasing houses.

Thus, a large layoff here does not result in an equally large decrease in economic demand for buying local houses. (Nor does it result in a very large increase in the number of houses on offer, for sale, as many of the laid-off workers did not own houses to begin with.)

<u>This is a substantial, apparently-long term structural change from market conditions of some years prior.</u> Then, layoffs led to rapid and widespread declines in housing demand. At the same time, layoffs resulted in fast, visible spikes in the numbers of houses put up for sale. (Indeed, when one large electronics corporation laid off several thousands of workers, "For Sale" signs sprung up almost immediately "like weeds in Springtime" up and down the Peninsula. Local

newspapers illustrated their reports with pictures of streets having 5 or 6 For Sale signs on the block.)

Nowadays, <u>layoffs still impact our local market but just not as quickly nor as pervasively as in previous times.</u>

2.2b. Demand for (less expensive) condominium apartments ("condos") shows signs of recovering from the 2023/4 dip. That decline was particularly visible in San Francisco, the northern Peninsula, and Oakland.

The economic demand in San Francisco for condo units was, and is, heavily focused on the City's computer programming industry. The firms hire many younger individuals starting out on their careers with engineering or computer degrees. For these folks, condos near their employers are convenient and more affordable than traditional houses some miles away. As one leading broker has noted, "anything in SF under $2,000,000 is hot with multiple-offers now." This includes most of the City's condominium projects (and the "cheaper" strata of old traditional houses in the neighborhoods).

> 2.2c. <u>There is a visible demand among some buyers for more space</u> of almost any variety due to so many owners working from home. The "work from home" phenonemon is an apparently long-term shift in the very structure of the workplace, at least for many.

Several corporations have found that employees working from home reduce overhead costs. Some companies have been able to pare back their investments or lease expenses in office buildings.

Some corporations have returned or attempted to return staff to company offices with varying degrees of success. Many of the workers just say no, some fearing catching illnesses in large offices and/or being unable to afford the increased costs of commuting. Others have home or family or care-giving responsibilities. Thus, there are a variety of factors at play.

Overall, there has been a net shift to home- and internet-based work since the pre-COVID days. This is especially noticeable here in the Bay Area with its concentration of high technology businesses where the use of computer and communications technologies reflect this region's substantial involvement in the creation and development of same. This net move away from corporate “campuses” to “work from home” is, obviously, parallel with the preference, move of so many students away from college campuses to study at home with online “Distance Education” classes.

2.2d. Lending Standards Restrictions:

Balconies/ Decks:

FannieMae and FreddieMac (federal RE loan standards-setting organizations) are now “pulling” (refusing) loan approvals for entire condominium buildings (which may have dozens of units) whenever a single balcony/ deck doesn't pass inspection. Further, all of the building's balconies are then required to be inspected and brought into compliance with lending standards. Therefore, some lenders will not now accept loan applications on some condo complexes.

2.2e. Political/ Legal impediments:

Political and legal impedments are slowing down property sales (and/or adding costs). These factors include:

2.2e1. Fire Hazard Zones:

Recent newly-expanded fire hazard zone designations have placed more houses in fire danger zones. San Mateo County (for unincorporated areas) requires annual fire inspections and certifications. Other jurisdictions appear likely to do likewise including the City of San Mateo. The property owners have to pay for these.

2.2e2. Gas water and space heaters:

New state law, state regulations, and now regional agency regulations are imposing restrictions on gas water heaters and gas heating furnaces.

Beginning 1/2026, the California Energy Code essentially requires new residences must use electrical equipment instead of gas units.

The California Air Resources Board has banned sales of new gas furnaces and gas water heaters (by 1/2030). Replacements for broken existing units (but not for still-functional units) will need to be "zero-emission" equipment (as defined by the state) like electric heat pumps.

The Bay Area Air Quality Management District (nine Bay Area counties including San Mateo) has banned the sale of new gas water heaters for residential (and some commercial) property (1/2027) and the sale of new gas furnaces (1/2029).

But, many older houses do not have adequate electrical supply to handle the substitute electric water and space heaters. It is expensive to upgrade electrical service. And, there are delays: 3+ months to obtain a PG&E inspection and 6 to 9 months for the required city inspection depending on the community. (The home owner pays for all of this, thereby increasing housing costs for new buyers.)

2.3 Overall Housing Market (Summary):

The Peninsula's housing market remains very strong.

The Peninsula is one of America's (very) strongest of Real Estate markets.

As an experienced local broker put it, “things are moving,” that is: houses are selling rapidly. And, some attract multiple offers.

All in all, **the Peninsula (CSM's primary service area) remains one of America's best places for a realty sales agent to work with strong sales and very high commission income potential.** (The high agent income opportunity here is due in major part to our high property price levels. Most commissions are based on percentages of realized sales prices).

3. Rapidly-changing Legal and Market Conditions

Legal and market conditions are still in a state of “rapid flux.” Some of the most recent changes or proposed changes are discussed below.

3a. Real Estate and Laws:

There are very **rapid and substantial changes in RE and related laws** (including landlord-tenant, land use controls and zoning, financing and lending, tax laws, proposals seeking to impact the legal structure of the realty industry and its practices, etcetera). These are being successfully incorporated into the coursework as Prof. G continuously updates his classes.

California continues to have one of the most “active” legislatures in America and real estate is one of its chief areas of interest (in view of the money that can be made, the organized lobby groups — real estate, banking/ lending, insurance, construction trades, escrow, and the rental properties sectors all have very active lobbyists, MG), and the recent heightened “social welfare concerns” with housing matters, namely: “homelessness,” “affordability,” etc).

The many legal and market changes result in our living in a proverbial “very interesting time.”

Reference: the flux in Homeowner's Insurance, Financing, Taxation, State Preemption of local Communities' Land Use and Building Oversight, and changes in some laws relating to the leasing, renting of real estate (Sections 4, 5, 6, 7, and 8, infra).

4. Insurance Industry involving Real Estate:

New homeowner (fire and liability) insurance policies are now a "tight" market in California. The insurance industry is not happy with the type of "regulation" it receives from the political administration in the State Capitol (Sacramento). Several carriers have withdraw entirely from issuing new policies in California while others are imposing new restrictions. The restrictions vary from carrier to carrier and are still developing. Thus far, they reportedly may include:

4.1 requiring new electrical wiring if a house is over 20 years old or has "outdated" knob and tube wiring, etc.

4.2 requiring automatic water line shutoff valves

4.3 requiring automatic gas line shutoff values

4.4 requiring new plumbing if a house is over 20 years old

4.5 refusing to issue new policies in certain areas (fire danger zones – which have recently expanded to include more local properties, etcetera) where risk is perceived to exceed acceptable levels. For example, many Pacific Palisades (Los Angeles) homeowner insurance policies were canceled, refused renewal, in 2024.

4.6 refusing to issue policies for some structural designs (thinking: “earthquake pancake” units with parking underneath, houses supported by poles, etc.)

4.7 refusing to issue new policies for some properties located in geologically-risky or earthquake-damage-zones (thinking: coastside, hillsides, liquification/ high damage zones/fill dirt areas like, say, Foster City and the Redwood Shores district of Redwood City, etcetera).

4.8 demanding that some balconies, decks be rebuilt (including in some large condo projects).

4.9 New greater concern with older electricals including but not limited to the “knob and tube” wiring found in some older houses.

4.10 Many insurance companies are requiring roof inspections or are checking the roofs via internet GPS or drone flyovers.

4.11 Some insurance companies are requiring tree and brush trimming to reduce fire hazards.

Summary:
Real Estate brokers and agents report still being able to help find coverage for most house purchasers but that it can be “a challenge” at times.

5. Financing Industry involving Real Estate:

The hike in “mortgage” interest rates has alleviated this year. Some credit-dependent buyers in the higher-income brackets and/or with substantial down payments (thus, reducing the monthly payment levels) are now better able to qualify for acquisition loans and purchase. (Comment: interest rates are now visibly lower than historical averages. And, the Federal administration is seeking to persuade the Federal Reserve to “influence” rates lower yet.)

All- Cash Transactions

The banking, finance industry is not involved in our region's substantial number of all-cash sales.

Foreign capital buying local properties on an “all cash” basis continues. In our area, much of this money is sourced from Communist China. This, despite public statements from China that that country's regime is trying again to reduce its capital flight. Money is fungible and there are a number of ways, channels that it can move from China or other nations to California.

Reports are of foreign money (from a wide range of countries) continuing to enter our local realty markets. Our high level of foreign -funded purchases lessens our market's sensitivity to interest rate changes. (The foreign capital plays a substantial role in maintaining our realty prices at their high levels, too.)

6. Taxes Involved in Real Estate

There are a number of proposals to raise property taxes or make hiking them easier (like, repealing or amending California's Proposition XIII property tax limitation in various ways).

There are proposals to shift property tax burdens from some groups of owners to others. (Such as the "split tax role" idea.)

There are proposals to impose new fees on various types of ownership uses or, in some instances, non-uses. Several cities have adopted or are considering extra taxes on properties that the cities believe is not "adequately utilized" (vacant units, etc.). San Francisco, Berkeley, Healdsburg are included.

There are some proposals to hike or adopt new additional real estate transfer taxes.

And there are proposals to reduce some of the "income tax subsidies" for some or all property owners (plus, yes, a couple of proposals to increase same).

SALT Tax provision.
Congress raised the "SALT" (state and local taxes) federal income tax deduction limit from $10,000 to $40,000. But, this aspect of the law expires after 2029, meaning *it is only a*

temporary "benefit" to home owners. Brokers advise that buyers do not seem phased by this temporality, however.

Capital Gains Taxes.

There are also proposals to increase the income tax capital gains exemption on resale of appreciated primary-residence houses. This is seen as a high-profile issue which substantially impacts the available supply of resale houses in our local market areas.

The capital gains tax exemption ($250,000 for single taxpayers, $500K for married taxpayers filing jointly) has not been raised "in our lifetimes" – meaning that it has failed to keep up with our local housing price inflation. The conclusion is that many owners feel that they cannot afford to sell, even if they want to. This is because the high capital gains taxes they'd have to pay would leave them financially short for the remainder of their retirements.

The real estate industry is working to get the cap gains exclusion raised - such as doubled, (or to get all cap gains taxes exempted on sale of one's residence). The legislative bill (HR 1321) is however, "not moving" in Congress now (in any form that the industry has discussed with US Representatives).

Loan Interest Expense Deduction on the Federal Income Tax:

The federal income tax deduction limit on personal-residence home loan interest expenses remains at $750,000. This, along with the cap gains exemption issue discussed above, is seen as a major impediment in our local realty markets. Because, our highly-inflated houses require far larger loans (for credit-dependent buyers). Larger loans mean higher interest expenses, usually much higher than the amount the current law permits to be deducted. This makes buying our local housing even more unaffordable for many. The RE industry is attempting to get this deduction cap lifted, or raised. But here again, Congress is, thus far at least, unresponsive. (The current $750,000 loan size limitation on this interest deduction came within ONE VOTE of being set at only $500,000 when it was imposed. This can be seen as an indication of Congress's lack of proclivity towards raising it.)

Professor Gottlieb monitors these important laws, legislative bills, and other matters to keep the RE courses as up-to-date as possible.

PROJECTIONS:

While nobody here has a working crystal ball, this year may see renewed efforts at:

1. raising the federal capital gains exemption on residence- home sales,
2. raising the (again, federal) loan interest deduction limitation on residence-houses,
3. modifying certain California tax laws or practices including the recent inherited- property law changes,
4. possible further local tax levies or penalties on empty properties,

5. possible further <u>local documentary property tax increases</u> (on sales), and

6. possibly more?

7. State Preemption of Local Communities' Land Use, Building Oversight:

7a. The state legislature's recent enactments included edicts, in essence, that local towns permit extra units to be constructed on single-family lots. So, it is said that traditional "single family zoning is a thing of the past."

Plus, the new state law favors even more dense developments on selected sites (such as on parcels within walking distance of "transit" or transit stations meeting certain complex criteria, etcetera).

"Builder's Remedy:"
If the state believes a local town is not "compliant" with the state's demands for the housing component of its General Plan, the law now gives developers the right to bypass local control. This is sometimes referred to as the "builder's remedy." Thus, we have proposals for 50-plus story apartment towers and other high-density projects in what have been relatively quiet "single-family" housing neighborhoods (San Francisco Sunset District, Menlo Park, Palo Alto, etcetera). Prof G has added class discussion of these new laws, their impacts, the

responses to these new laws and their impacts, and their possible futures.

These new laws are controversial.   Proponents cite the increase in housing supply, especially the new rental apartment projects and some condominiums. The chief concerns include inadequate and outdated community infrastructure, insufficient public facilities and services, foreseeable necessary tax increases and local assessments, traffic, congestion, and "quality of life" issues.

In brief, these high density housing projects create a number of "externalized" (and often initially-hidden) costs, costs largely to be borne by the local public directly or in future years. These concerns are discussed in the RE coursework to provide a balanced perspective capable of supporting informed foresight of likely RE and community futures. (Note: Ballot measures to modify or repeal these laws are reportedly forthcoming in the foreseeable future. These will be watched closely and integrated into the RE coursework as appropriate.)

8. Changes in the legal structure or operations of the RE industry

8a. Settlement in the National Association of Realtors litigation and its impacts on commission arrangements with clients.

From judicial cases to legislative proposals, the Real Estate industry is receiving considerable attention. This last year saw the settlement of the main litigation against the National Association of Realtors regarding commissions and their Multiple Listing Services. There were thoughts that perhaps the Multiple Listing Systems may have had some "anti-competitive" aspects. The settlement contains a number of provisions that, basically, have resulted in realty shoppers now being asked to sign Buyer Representation Agreements. Also, NAR's Multiple Listing Systems may no longer require listing brokers to split commissions automatically with selling brokers. Instead, these arrangements will need to be negotiated on a transaction-by-transaction, broker-with-broker basis.

8b. "Professional Realtor" versus "just a realty sales agent?"

Some (mostly new or younger) real estate licensees are now opting to not join their local realty boards (and thus, also not becoming members of either the California or the National Associations of Realtors). In former years, membership was often a requirement to access the local and regional NAR-affiliated Multiple Listing Services. However, today it is possible to just pay an "access fee" to the MLS without joining the real estate board or the state or national associations.

Reported concerns include:

1. "lessened professionalism," as the realty boards sponsor many training seminars, continuing education topics, and incentive activities promoting professional practices among their memberships. They also sponsor a considerable amount of public information and assistance resources, and more.

2. Lessened support, resources for the CAR and NAR's lobbying and publicity work on behalf of the realty trade and,

3. Lessened industry resources for measures or campaigns that also benefit the general public (Example: NAR's active lobbying in Congress was partially credited for "saving" the home interest deduction on federal income taxes, albeit at the reduced level discussed above, reduced from its previously-unlimited character).

These matters are being watched to see how widespread they may become and how significant their impacts may be.

(Comment: These trends appear similar to the trend of many younger people nowadays to not join or participate in community, civic, fraternal, religious, or charitable organizations. Some of these long-standing service groups or groups are now mere shells of their former selves, consisting largely of only their long-standing, elderly members. Their social, community, charitable, and other activities are being reduced as their memberships decline. It is not clear that the very popular electronic "social media" is a full or adequate substitute, MG.)

8c. Independent Contractor or Employee Legal Status?

The proposals of some (such as segments of organized labor outside of the realty trade) that the longstanding custom of realty sales agents working as "independent contractors" might be changed over to legal "employee" status were defeated in the California Legislature last year. (This, after a San Diego County judge issued a ruling in an unconnected proceeding that might have led to the contrary result.)

A transformation to employee status would have had some significant impacts including the <u>loss of the substantial "business expenses deductions"</u> currently enjoyed by realty sales agents on their <u>federal</u> income taxes. (There would be no impact on their California state income taxes since California law permits essentially similar deductions for employees and independent contractors, alike.) The loss of the federal deductions would have lowered brokers' and agents' net incomes. Thus, the opposition to proposed change from within the realty trade.

The reclassification- to- employee- status proposal could arise again in some manner. There remain some proponents, including leadership of some labor unions. (Note: Employees may legally be "organized" into unions; independent contractors may not, per the National Labor Relations Act and etcetera, MG.)

8d. Conclusion on Legal and Operational Changes and Proposals

Prof. G continues to monitor these matters and incorporates key considerations in the RE courses as appropriate. <u>The</u>

<u>students are alerted and kept updated as to current and foreseeable changes in, or impacting the realty trade.</u>

We've noted several examples of the increased importance of legislation and regulatory decisions, which so often include mandates on the real estate markets (and industry). The importance of keeping up with new laws and regulations is already included in the classes. As is the importance of participating in community, civic, and yes pertinent charitable activities. Thus, it will "fit right in" to explicitly include specific mention of the importance for realty agents to utilitize the democratic process to participate in the formulation or appropriate influencing of legislative bills and other public proposals that will impact RE, housing availability or costs,agents' services, etcetera. [Comment: this may be seen as some “preventative care” before new laws or regulations are enacted/ promulgated. Preventative care may, if successful, prevent (or at least ameliorate impacts of) new rules that are perceived as adverse.] Prof. G will add this element to the class(es) in appropriate manner.

9. SMCCCD “Free College” Program Success

The San Mateo County Community College District's new “Free College” program for most San Mateo County residents (and some additional people like folks who work in the county) has strengthened overall CSM enrollments. It has had less impact on Professor G's enrollments since his classes have always been very popular and fill up rapidly anyway. As illustration, his last (Summer 2025 and Full 2025) classes were all filled up on the very first day of public enrollments. Full classes are full classes, regardless of the amount of fees.

The “Free College” program publicity calls attention to the availability of a wide range of CSM classes. Some residents may not have previously signed up because:

(1) they may not have realized that CSM exists, or

(2) they may not have realized that CSM's fees were already the lowest for accredited college classes in America (with easy fee wavers for those needing them), or

(3) they may not have known that they are welcome to study with CSM on its Open Door (non-discrimination) Policy.

It now appears that more of them are enrolling. In this, the “Free College” program appears to be a successful marketing tool in making CSM into an even-more ”community-wide-service college” than, perhaps, before.

10. CSM RE Program Updates, Success

10a. CSM has been providing RE education for well over half a century.

10b. An Artificial Intelligence web search in January 2026 without mention of “CSM” or “San Mateo” in the search criteria identified CSM as a highly-respected leader in California RE education.

10c. CSM is a traditional key source of new agents for the RE industry. Brokerages remain desirous of hiring CSM graduates as new sales agents.

As a leading Peninsula broker put it, “Your (Profesor G's) students get a much more complete picture of what real estate is all about than they get elsewhere.” (This broker has interviewed, hired our graduates and looks forward to continuing to do so.)

10d. CSM continues to offer classes necessary for people to qualify for the California state Sales Agent licensure examination and successful entry into their new RE career path. Professor Gottlieb has built the classes into a coherent online RE study sequence (RE100 Principles, RE110 Practice, and RE121 Law/Legal Aspects), infra.

His regular schedule include RE100 and RE110 three times a year and RE121 every Fall and Spring. Completion of this coordinated 3-class sequence fully qualifies the student in meeting the academic requirement to sit for the California state RE sales agent license examination.

10e. Prof. Gottlieb provides the students with a strong legal, business, and ethical (including non-discrimination and anti-bias) framework for their success in the industry.

10f. The RE Program remains successful in helping students prepare themselves for RE career entry and success.

10g. Prompted by the COVID emergency, Professor Gottlieb succeeded in transferring all RE courses to the internet. (The college was already strongly encouraging professors to move classes to the Web prior to COVID.)

10h. Student support and enrollments continue to favor this convenient online scheduling for its practicality, cost savings, availability, physical accessibility including for persons with disabilities, personal health, family care-giving needs at home, commute or work conflicts, transportation difficulties, and any continuing health/ infection concerns.

10i. Prof. G continues his “almost 24/7 study assistance” and support for his students. (Comment: this especially helps the many students who have to study at “odd hours” or during the nighttime or on weekends.)

10j. The recent CSM/SMCCD shift to accelerated instructional scheduling (8 week classes in all three terms instead of the former 8 weeks in summers and 17 weeks in fall and spring) has been successfully implemented for RE. While the faster pace poses pedagogic challenges for some students, it is supported and/or accepted by others.

10k. Prof. Gottlieb continues to emphasize strong business ethics, integrity, reputation, top quality client service, non-discrimination/ fair housing, anti-bias, diligence, community/civic/charitable service, and excellent long-term client relationships as valuable student success factors for entering and prospering in the RE industry. The goal is not only to “train” students in the legal basics but to help them realize and develop the positive character traits, ethics, and behaviors enabling of genuine career (and life) success.

10-l. The recent changes in California state law mandating inclusion of specified anti-discrimination/ anti-bias "Fair Housing" course content have been fully implemented by Prof G. He has also secured the necessary State approval. Thus, our students are now assured that the classwork is officially "Green to Go" for California state RE licensure purposes.

10m. All 3 RE-sequence classes are fully-accredited and they will normally transfer to all 23 California State University campuses (matriculation agreement is in place), and most other colleges and universities.

10n. Professor Gottlieb has added video lecture segments to all of his courses. While the courses were complete and very popular without videos, their addition should be pedagogically helpful for some students. (Comment: Different students tend to learn better by different means, many are great with text while others may do even better now with these added visual communications, MG.)

10-O. Professor Gottlieb has received the following recognitions for his CSM teaching this past year (2025):

10-O-1. The California Community Colleges' statewide Real Estate Education Award.

10-O-2. A College of San Mateo Faculty of the Year Award (adj/division).

10-O-3. A San Mateo County Community Colleges District and CSM joint Certificate of Recognition Award (for 50+ years Service tenure on Faculty with CSM).

10P. **ALL people are welcome to enroll in CSM courses**. (We are an Open-Door, Non-discriminatory, public Community College.) We offer classes in a wide range of different subject matter areas including Accountancy, Business, Computers, English, English as a Second Language, Psychology, Sciences, Maths, Nursing, Cosmetology, Fire-fighting, Real Estate, and many more.

10Q. Inquires are most welcome. (If your query is outside of Real Estate, we will be happy to refer you to those fine CSM people who know the information and/or how to assist you.)

11: Participants/ Contributors:

Donna Marie Baldwin, Real Estate Salesperson with Compass Premier Realty, Burlingame, California.

Mrs. Baldwin is a California Real Estate success story in her own right. She has, through diligent efforts, developed an extensive clientele and an even wider public following. Her reputation for effective RE representation, integrity, and high quality of client services is among the top tier in the state. Mrs. Baldwin has been one of America's leading sales people for many years and has ranked at least as high as Number 9 nationally in annual sales.
Compass is America's largest independent RE brokerage firm with over 18,000 agents and valuation of approximately $7 Billion USD. Mrs. Baldwin completed her qualifying RE education with CSM.

Robert Pedro, Owner and Broker of Signature Real Estate, Redwood City and Foster City, California.
Mr. Pedro runs a highly respected local brokerage in San Mateo County and has been voted "Realtor of the Year for Outstanding Service and Contributions to the Real Estate Profession." He is preparing to open his third Peninsula Real Estate office. He has also managed and increased the sales for a highly-respected local "boutique" brokerage office for another firm. He has assisted several new agents in building their sales volumes and proceeding to their desired specialty niches in the real estate trade. He served honorably with the United States Marine Corps. And, he is very active contributing a great deal of time and assistance to local community, church, and charitable causes.

Larry Franzella, Managing Partner and Broker, Intero Real Estate, San Bruno, California.

Having been a founding partner in his office's predecessor brokerage some 45+ years ago, Mr. Franzella grew the operation into the largest RE brokerage office in San Mateo County. Intero is a key component of the Berkshire-Hathaway HomeServices of America Corporation (HSA). HSA has over 1600 staff and earns over $2 Billion of revenue each year. Mr. Franzella is highly respected as a leader in both California real estate and in the community. He has been active in civic affairs including a ten year stint as mayor of San Bruno. Mr. Franzella completed his qualifying RE education with CSM.

Professor Marc Gottlieb, Chair, College of San Mateo. Prof. Gottlieb has over a Half Century of successful teaching experience. He has taught Real Estate, law, business, management, engineering, and additional courses with several universities and colleges (CSM for the last 52 years). He also functions as the RE department chair. Prof. Gottlieb serves as the college liaison with the State of California Department of Real Estate, with the statewide Real Estate educator's association, and with the realty industry. Marc has been awarded a number of teaching, academic, and community service awards, including the California Community Colleges' statewide Real Estate Education Award. He completed his BS and MS at Stanford with University Distinction and national honors. He also holds an MBA (Honors), MPA (national honors), and a Juris Doctor Magna Cum Laude (with numerous top student honors) from the University of San Francisco Kendrick School of Law. Professor Gottlieb is a licensed Attorney with both the California and United States courts.

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Respectfully submitted,
Professor Marc Gottlieb

(“Half a Century Helping Nice Students SUCCEED!”)

Grateful Recipient of the California Community Colleges' statewide Real Estate Education Award for Year 2025.

Recipient also of a College of San Mateo Faculty of the Year Award, Business Division Adj., 2025.

Inquiries or requests for assistance are most welcome at: RealEstateCSM@gmail.com

Prepared by Prof. Marc Gottlieb with any opinions or errors being soley his. Thanks very much to all of the many contributors to the RE program and/or this report.