



2009 LEGISLATIVE PRIORITIES

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1. HOMEBUYER TAX CREDIT

HOUSE & SENATE ACTION REQUESTED: *That the House and Senate extend and expand the Homebuyer Tax Credit until the end of 2010 and extend the tax credit to all homebuyers, not just first-time homebuyers.*

The \$8,000 first-time homebuyer tax credit has been successful in returning buyers to the housing market; however, the extent of the tax credit has been partially limited as it only applies to first-time homebuyers. In order for the housing market to not only end its decline, but return to growth, the tax credit needs to apply to a larger group of homebuyers. The homebuyer tax credit should be expanded to include all homebuyers and extended through the end of 2010.

First-time homebuyers traditionally purchase entry level housing. The current first-time homebuyer tax credit has helped this sector of the market. Nonetheless, other sectors of housing are still struggling and entry level housing could become scarce if other homeowners are not able to move to another housing level, freeing up more entry level homes. Expanding the homebuyer tax credit to all homebuyers and extending it through 2010 will do just this; helping revitalize the housing market, which in turn could help improve the overall national economy and recovery.

C.A.R.'s research on the tax credit use in California showed that 46% of purchasers using the tax credit bought non-distressed properties, 38% REO or foreclosed properties, and 16% short sales. Of those first-time homebuyers who planned to apply for the tax credit, they rated the credit's significance on their decision to buy a home at 4.5 out of 5; additionally, 40% of respondents said it was the "most important" factor in their purchasing of a home.

2. HOME VALUATION CODE OF CONDUCT

HOUSE & SENATE ACTION REQUESTED: *That the House and Senate either put a moratorium on the Home Valuation Code of Conduct (HVCC) or enact legislation that would rectify current problems with the HVCC and create a legitimate national policy.*

REALTORS® and consumers are being gravely affected by the implementation of the Home Valuation Code of Conduct (HVCC). This "de facto" regulation has further stymied the housing market and brought increased costs to consumers while at the same time lowered the quality of appraisals. The collapse of the housing market brought about the need for answers and changes; REALTORS® understand this and have been in full support of many of these changes. Nonetheless, efforts that further hurt the consumer as well as the market cannot be supported by REALTORS® and should not be supported by Congress.

REALTORS® are trying to work with Fannie, Freddie, the NY AG, and OFHEO to correct the mistakes that HVCC has created. As of yet, these groups seem unwilling to step in and stand up for the rights of the consumers and the needs of the market. REALTORS® believe that Congress should take action and pass H.R. 3044 to put a moratorium on the HVCC. Some states, such as California, have already passed legislation dealing with the issue of undue influence on appraisals. California law, even before the HVCC, had regulations concerning influence on appraisers and protecting the legitimacy and accuracy of appraisals. However, the HVCC regulations have pre-empted these laws and instead just transferred the influence to lenders and increased cost for consumers. REALTORS® believe that Congress needs to pass legislation that will address this issue and fill in the gaps for states that have not already addressed this issue instead of allowing "de facto" legislation, such as HVCC, to pre-empt established state laws.

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This would include finding ways to regulate AMCs to make sure that their appraisers are licensed, adequately trained, knowledgeable of the area they are appraising, and properly compensated for their work. The current HVCC has accomplished taking out mortgage broker coercion from appraisals, but has instead replaced it by giving the same, and in many cases even increased, powers to lenders and reduced the quality of the appraisals while allowing them to charge the consumer even more for this inferior product.

3. PERMANENT HIGH-COST CONFORMING LOAN LIMITS

HOUSE & SENATE ACTION REQUESTED: That Congress pass a permanent high-cost conforming loan limit similar to the one currently in effect, but set to expire at the end of FY2010.

C.A.R. wants Congress to pass legislation that will permanently raise the conforming loan limit for GSE and FHA loans. These increases are needed in high-cost states where homeowners need the increase conforming loan limit in order to avoid having to take out a jumbo loan, which are still facing issues with capital shortages. If not permanently expanded, others in the nation will be able to get safe and affordable access to FHA and GSE loans and continue their recovery while high-cost states would be forced into higher-rate jumbo loans which would further impede their recovery.

While Congress passed a temporary increase that last through the end of FY2010, many investors are wary of them as they know they are only temporary. A permanent increase is needed in order to truly have the strongest effect on the housing market, especially in high-cost states, and to give lenders the needed confidence to continue making these loans.