

C.A.R. Broker Involvement Quarterly Communication

Thank you for signing up for C.A.R.'s Broker Involvement Program: The program that empowers you to make a difference in legislation that directly affects your business! When your help is needed, C.A.R. staff will contact you. All you need to do is send an email or voicemail to your agents directing them to look for a Red Alert email from C.A.R. or a Call to Action from NAR, with specific instructions as to how they should respond. With your help, we can send a clear united message to our legislators on critical issues that will directly impact your business.

Mortgage Interest Deduction-We're Not Out of the Woods Yet

Although the debt ceiling agreement signed into law on August 2nd has no revenue provisions and makes no changes to MID or any other tax/revenue rules, we're not out of the woods yet. In fact, new authority has been created that could make it easier for Congress to make tax law changes. The new legislation will create a new "Super Committee," which is directed to identify up to \$1.5 Trillion in additional deficit reductions over 10 years.

A compressed timetable for the Super Committee's action is designed to assure that the additional deficit reductions needed to move the second phase of the debt ceiling increase are achieved before the end of 2011.

The next 90 days could be the most important part of the battle over MID and other real estate tax incentives. NAR will be actively engaged in lobbying Congress and will be reaching out to state and local associations as well as REALTORS® members directly to engage their Members of Congress on the importance of preserving real estate tax provisions.

GSE Reform May Wait Until After the 2012 Elections

On July 6, 2011, Representatives Gary Miller (R-CA) and Carolyn McCarthy (D-NY) introduced H.R. 2413, the Secondary Market Facility for Residential Mortgage Act of 2011. The Miller and McCarthy bill is a comprehensive secondary mortgage market reform bill that espouses many of C.A.R.'s and NAR's GSE principals and recommendations. C.A.R. is supportive of this bill because it maintains a government role within the secondary mortgage market, which is required to ensure the viability of long-term mortgage financing for consumers (e.g. 30-yr fixed-rate mortgages).

In addition to H.R. 2413, California Congressman John Campbell introduced H.R. 1859, the Housing Finance Reform Act of 2011, with Democratic member Gary Peters (D-MI). HR 1859 would also comprehensively reform the mortgage finance system, but would set up multiple private companies in the marketplace with the government offering a catastrophic guarantee of their securities.

Fannie Mae and Freddie Mac (Government Sponsored Enterprises or GSE) have now been under the conservatorship of the Federal Housing Finance Agency (FHFA) since September 2008. Reforming these mortgage giants, which guarantee or own roughly 50 percent of all outstanding mortgages, is a top priority for both sides of the aisle.

Besides H.R. 2413 and HR 1859 there have been many different proposed ideas, but perhaps the toughest question facing the Administration and Congress is what, if any, role should the government play in the housing finance market? The House Financial Services Leadership has introduced over a dozen smaller bills which have already begun hearings and sub-committee markups. These smaller bills stand no chance at making it to the President's desk and are more for press headlines than anything else. It remains unclear when the Senate will attempt to address the GSE reform issue; however, their delay seems to indicate a good possibility the issue may wait till after the 2012 elections.

Loan Limits Set to Expire the End of September

REALTORS® have successfully extended the current FHA and GSE loan limits on an annual basis since 2008. Congress again extended those loan limits during the last session of Congress. However, unlike prior years where the loan limits were extended for the calendar year, this time Congress only extended the loan limits for the Fiscal Year. This means the current loan limits are set to expire at the end of September 2011.

Due to declining median home prices and an expanding congressional membership who support an expedient shrinking of the government's involvement in the nation's housing market, it is highly unlikely the loan limits will be extended for another year. This is in spite of the damage such a reduction will cause to California's and nation's housing market.

Below are links to the new loan limits on October 1, 2011.

[Fannie Mae & Freddie Mac Loan Limits](#)

[FHA Loan Limits](#)

C.A.R. Sponsored Legislation Now Signed into Law!

SB 150 (Correa) CID Right-to-Rent – There has been a trend among some homeowner associations to adopt restrictions that limit the ability of unit owners to rent their dwellings in Common Interest Developments (CIDs). The imposition of these rental restrictions diminishes an owner's property rights by removing options that were available when the unit was purchased. C.A.R. sponsored SB 150, to protect the right of a CID owner to rent his or her unit, if that right existed at the time the owner purchased the unit.

Status: Signed by the Governor on July 8, 2011

SB 458 (Corbett) Short Sales – C.A.R. sponsored SB 458 to expand the provisions of existing law (SB 931 of 2010) which requires a first mortgage holder to accept an agreed upon short sale payment as full payment for the outstanding balance of the loan, but does not apply to junior lien holders. SB 458 will extend the protections of SB 931 to junior liens effectively providing that any lender that agrees to a short sale must accept the agreed upon short sale payment as full payment of the outstanding balance of all loans.

Status: Signed by the Governor on July 15, 2011

SB 837 (Blakeslee) Transfer Disclosure Statement Update – SB 407 (Padilla), signed into law by the Governor in 2009, requires that all residential properties be retrofitted with low-flow toilets, shower heads and faucets starting with remodels in 2014, all remaining homes by 2017. Additionally, all commercial properties and multi-family homes will need to be retrofitted by 2019. C.A.R. is sponsoring SB 837 to add language to the Transfer Disclosure Statement (TDS) notifying the purchaser of a property of these impending requirements. The inclusion of this information in the TDS will ensure that sellers and buyers are aware of these water efficiency retrofit requirements providing disclosure liability protection for REALTORS®.

Status: Signed by the Governor on June 30, 2011

C.A.R. Broker Reception Provided Opportunity to Mingle with Local Dignitaries and to Learn About Real Estate Issues:

Brokers from C.A.R.'s Region 32 gathered at the Orange County Association of REALTORS® in April to listen to C.A.R.'s Federal Government Affairs Manager, Matt Roberts and Assemblyman Don Wagner (70th District – Irvine) discuss both state and federal issues. Also among those in attendance were Laguna Hills Councilwoman Barbara Kogerman and South County Chamber of Commerce Director Duane Cave. ([Click here to view photos](#))

What's Next in Foreclosure Reform? The Public Policy Forum will host a discussion on foreclosure reform on Wednesday, September 21 at 2 p.m. during the Fall Board of Directors Meetings in San Jose. Please join us for a panel discussion with industry experts on anticipated foreclosure legislation at both the state and federal level. Additionally, the Public Policy Forum will report on the survey results from the recent Public Policy Committee Survey, which was conducted in July. Included in the discussion will be demonstration on how REALTOR® policy becomes law, starting with the “idea” and following its development through C.A.R.’s public policy process all the way to the Governor. For any questions related to this forum please contact Jennifer Svec at (916) 492-5200 or via email at jennifers@car.org

Did you know that C.A.R., Government Affairs Field Representatives are available to attend your office meetings and provide a legislative update? For more information, please contact Lynn Movroydis at 949-218-0387 or lynnm@car.org.

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