

AGENDA



CALIFORNIA CONGRESSIONAL ISSUES BRIEFING

Marriott Wardman Park Hotel
Delaware Suite
Washington, D.C.
Tuesday, May 14, 2013
12 Noon – 1:30 p.m.

Presiding:

Clay Sigg, C.A.R. Federal Committee Chair

Staff:

Matt Roberts, Federal Governmental Affairs Manager

REALTORS® Federal Legislative Priorities:

I. Welcome

II. Issues

A. Preserve the Mission and Purpose of the FHA Program

Talking Points

- Ensure the FHA single-family program has the tools and policies in place to meet its mission of providing access to safe, affordable mortgage financing to qualified borrowers nationwide.
- FHA insures safe fixed rate mortgages and has helped to ensure families could still buy homes during the recession when private capital didn't want to make loans.
- Congress shouldn't take any drastic action that would hinder the role and mission of FHA, but should instead look to empower the FHA to react quickly to market conditions and better track and hold responsible lenders for their performance.
- Homebuyers who use FHA are good homebuyers, but in today's market private capital doesn't want to give mortgages to these buyers.
- Now that the housing market is recovering, as is the economy, FHA's market share has already begun to shrink over the last two years.

Background

FHA, like every other holder of mortgage risk, has incurred financial losses as a result of high foreclosure rates. FHA has taken a number of steps to recoup its financial stability. These include increasing premiums five times in the last two years, increasing down payments on some borrowers, and increasing risk management. Congress should not impose any additional cost or qualification burdens on consumers. Further mandated increases to premiums or down payments will disenfranchise American families and hurt our nation's housing and economic recovery.

B. Restructure Fannie Mae & Freddie Mac

Talking Points

- Restructure Fannie Mae and Freddie Mac to ensure that affordable mortgages are available to consumers in all types of markets and avoid major disruption to the nation's economy.
- Congress should hold hearings that will focus on ending the conservatorship of Fannie Mae and Freddie Mac in a slow and judicious manner.
- Regardless of the future of Fannie and Freddie, the government must play a role in the mortgage market to ensure there is safe and affordable mortgage capital in all market conditions.
- Private capital is still not ready to the return to housing market in any meaningful capacity. This is for reasons beyond a simple legislative fix; including a lack of faith in the credit rating agencies, lack of standardization in the contracts between investors and MBS originators and uncertainty surrounding future regulations.

Background

Fannie Mae and Freddie Mac were created to ensure that creditworthy borrowers had access to affordable mortgage capital no matter where they lived in the United States. For over 70 years, the system worked well, combining government support and private capital to bring the necessary funding to consumers in support of their homeownership needs. The system faltered during the housing collapse, and since 2008, Fannie Mae and Freddie Mac have been in conservatorship under the supervision of the Federal Housing Finance Agency (FHFA).

FHFA placed Fannie Mae Freddie Mac into conservatorship "to help restore confidence in Fannie Mae and Freddie Mac, enhance their capacity to fulfill their [housing] mission, and mitigate the systemic risk that has contributed directly to the instability in the current market." During the last two sessions of Congress, there was a lot of discussion regarding the causes of the housing collapse, and the role that Fannie Mae and Freddie Mac played. There were also a large number of bills introduced, which attempt to resolve the conservatorship; however, there has been no significant effort to move any of these bills.

C. Preserved Homeownership Tax Policies

Talking Points

- Lawmakers should consider the vital role that real estate tax provisions play in the nation's housing markets and economy, as well as the financial well-being of Americans and their families.
- For 100 years the MID has helped make homeownership more affordable for families of moderate means, strengthening our communities.
- A reduction in the MID cap will have an adverse impact on California.

Background

Both the House and Senate are considering different plans to reform the federal tax code. As a result, "everything is on the table" including various real

estate tax benefits. While no formal comprehensive tax reform legislation has been introduced, it is important Congress understands the vital role these provisions play in our nation's economy.

III. DeAnn Kerr

IV. Meeting with Representatives and Senators

V. Some Entry Doors to Office Buildings Closed

VI. Leave Behind

VII. Other

VIII. Adjourn