

Government Affairs Update

North Carolina Association of REALTORS®, Inc.



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Grounds

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North Carolina News:

Legislators Give Final Approval to Transfer Tax Repeal Bill

The NC Senate gave final approval (40-8) on Monday night to a bill that will repeal the transfer tax option approved in 2007. We are thankful to **Senator Bob Rucho** (R-Mecklenburg) handled the bill on the Senate floor with ease.

“The public knows this is an unfair tax, and voters have said ‘no’ loud and clear,” said NC REALTORS® 2011 President Stephanie Walker. “The transfer tax, also known as the home tax, strips people of their hard-earned equity. It was time to take this option off the table, so the public was not subjected to it over and over again.”

House Bill 92, (Repeal Land Transfer Tax), sponsored by **Reps. Julia Howard (R-Davie), Edgar Starnes (R-Caldwell), Bill Brawley (R-Mecklenburg) and Jonathan Jordan (R-Ashe)**,

<http://www.ncga.state.nc.us/Sessions/2011/Bills/House/PDF/H92v1.pdf>, will now be sent to the governor.

“We are relieved that homeowners will not have to endure another transfer tax referendum,” Walker said. “Stabilizing our housing market is the only way to stabilize our economy. And to stabilize the housing market, we must protect the interests of homeowners, protect private property rights and promote housing affordability in our state. Repealing the transfer tax option is an extremely important step in that direction.”

This was a very important issue for REALTORS® and homeowners across North Carolina. Please take time to call your NC Representatives and Senators and thank them for their support of this bill. Positive recognition is greatly appreciated by the legislators, and will be remembered when other issues arise.

Hands-Free Phone Bill Debated

A subcommittee of NC House Commerce heard debate this week regarding a bill that would ban North Carolinians from talking on hand-held cell phones while driving. **House Bill 44 (Prohibit Mobile Phone Use/Hands-free Only)**

<http://www.ncga.state.nc.us/Sessions/2011/Bills/House/PDF/H44v1.pdf>, sponsored by **Rep. Garland Pierce (D-Scotland)**, would allow drivers to talk on their phones only if using a hands-free device.

The penalty would be a fine of \$100 or more but drivers wouldn't get points on their license for the offense. There would be exceptions for making 911 calls and for law enforcement officers and first responders performing official duties. Bill supporters say it's a matter of safety because hand-held cell phones are a big distraction that leads to accidents. Opponents say that drivers are subjected to many other distractions, and laws can't possibly account for every circumstance.

Digital Billboards in NC Discussed

The NC Senate Transportation Committee heard comments this week regarding Senate **Bill 183 (Selective Vegetation Removal/State Highways)**, sponsored by **Senator Harry Brown (R-Onslow)**.

<http://www.ncga.state.nc.us/Sessions/2011/Bills/Senate/PDF/S183v1.pdf>. Representatives from the outdoor advertising industry want to convert existing billboards to digital billboards in the state and allow additional removal of vegetation to make the billboards more visible, even if local ordinances currently prevent them from doing so. The NC Outdoor Advertising Association says the billboards will boost business and create jobs within the companies promoted by the billboards. Additionally, bill supporters said North Carolina is at a competitive disadvantage in the southeast because surrounding states allow vegetation to be cut at distances greater than the 250-foot limit imposed here.

On the other side of the debate, opponents said the legislation would wrongly take away local control and would negatively impact the "character" of the neighborhoods and communities where the billboards would be located.

Smith Moves Closer to Reappointment as Commissioner of Banks

The NC Senate passed **Senate Joint Resolution 369 (Confirm Joseph A. Smith Commissioner of Banks)**, sponsored by **Sen. Harry Brown (R-Onslow)**

<http://www.ncga.state.nc.us/Sessions/2011/Bills/Senate/PDF/S369v1.pdf>, which confirms the governor's reappointment of Joe Smith to the Office of Commissioner of Banks. On Thursday the NC House Committee on Banking passed the resolution and the final step in reappointment will occur next week.

National News:

MID Means Significant Savings at Tax Time

The MID helps many families become homeowners by reducing the carrying costs of owning a home. The ability to deduct the interest paid on a mortgage can mean significant savings at tax time. For example, a family who bought a home last year with a \$200,000, 30-year, fixed-rate mortgage, assuming an interest rate of 5 percent, could save nearly \$3,500 in federal taxes when they file next year.

For more information: http://www.realtor.org/government_affairs/mortgage_interest_deduction/more_on_the_issue

Anti-Money Laundering Responsibilities

Under government requirements to prevent money laundering and financing of terrorist financing, there are a few things real estate professionals need to keep in mind when working with their clients. NAR has posted a document summarizing the current responsibilities that real estate brokers and agents have to combat money laundering and terrorist financing. Brokers and agents are responsible for submitting currency transaction reports if they receive cash in excess of \$10,000 in any single or series of related transactions. They must also continue to check to make sure they are not dealing with individuals or companies on the Specially Designated Nationals list. At this time real estate professionals engaged in brokerage or property management activities and their real estate firms are not required to implement anti-money laundering or anti-terrorist financing programs, but NAR will continue to monitor this issue in case the Treasury Department seeks to expand coverage of these requirements to cover real estate professionals. [Money Laundering Issue Summary](#)

FHFA Extends HARP Program

The Federal Housing Finance Agency (FHFA) has announced a one-year extension of the Home Affordable Refinance Program (HARP) to June 30, 2012. The program expands access to refinancing for qualified individuals and families who are current on their mortgage payment and who have loans owned or guaranteed by Fannie Mae or Freddie Mac with loan-to-value ratios of between 80 percent and 125 percent. Since the beginning of the program in 2009, Fannie Mae and Freddie Mac have purchased or guaranteed 621,803 loans under HARP (190,180 in 2009 and 431,623 in 2010). [FHFA Announcement](#)

How to Appeal/Escalate HAFA Decisions

NAR has posted a document that outlines the appeal/escalation process when working with a client who is taking part in the Home Affordable Foreclosure Alternatives (HAFA) program. Recent updates to the HAFA program guidelines went into effect on February 1, 2011, and enable a broader number of underwater buyers to participate in the program. This escalation document can be used as a resource when encountering issues with servicers and lenders that are still not up to date about the new HAFA rules or are not following any other HAFA rules. For further information on short sales and the HAFA program, please visit realtor.org/shortsales.

[HAFA Appeals/Escalation Process](#)

Agencies Implement Sweeping Regulatory Review Process

President Obama issued Executive Order 13563 in January, which seeks to improve regulation and regulatory review. The Executive Order requires agencies to develop a plan to periodically review existing significant regulations to determine whether they could be "modified, streamlined, expanded, or repealed so as to make the agency's regulatory program more effective or less burdensome in achieving the regulatory objectives."

The Executive Order outlines several guiding principles for Federal agencies to follow in their regulations, such as ensuring that an agency's regulations:

- Take into account costs and benefits to society;
- Are based on the best available science;
- Are developed in a manner that allows public participation;
- Are accessible, consistent, and written in plain language; and
- Use the least burdensome methods to achieve regulatory goals

Agencies are requesting public comments on how well their existing regulations are consistent with the Executive Order's principles. Many agencies have already developed a webpage to accept comments on this process and what regulations the public believes should be changed, modified, repealed, etc. NAR will submit written comments to ensure the Realtor perspective on various regulations is on record for the federal agencies to review.

Bill Introduced to Eliminate FHA Prepayment Penalty

Senator Ben Cardin (D-MD) has introduced S. 488, the "Reduce Excessive Interest Payments Act (REIP)". Under current law, FHA borrowers who prepay their mortgage (either as the result of a sale, a mortgage refinance, or any other reason) must close on the last day of the month. If they do not, they are required to pay interest for each of the remaining days of the month. No other loan - conventional, VA, or Rural Housing, has this requirement. NAR strongly supports this legislation. Borrowers often have little control over their closing date, and should not face penalties for failing to close on the last day of the month. S. 488 would eliminate the pre-payment interest penalties, and would save consumers hundreds of dollars when they pay off their FHA loan.

[NAR letter to Senator Cardin](#)