

## **From the GAD's Desk** **March 2006**

*by David Stark*  
*Government Affairs Director*

### ***Federal Issues***

Ben Bernanke, the new chairman of the Federal Reserve Board of Governors (Fed), was sworn in February 1, 2006. NAR is already making sure he's aware of key REALTOR® issues. In a letter to Bernanke, NAR President Thomas M. Stevens, emphasized the separation of banking and commerce as "one of our nation's most fundamental economic policies."

Stevens defined NAR's position on recent Federal activity related to banks in real estate. He specifically mentioned rulings issued by the Office of the Comptroller and a proposed Treasury Department rule regarding national banks and financial companies investing in real estate. He pointed to the 1980s savings and loan debacle as negative consequences of bank involvement in real estate.

The letter to Bernanke echoes NAR's position opposing financial holding companies and financial subsidiaries engaging in real estate brokerage and real estate management. Stevens wrote, "In our view, these activities are purely commercial, not financial, activities. The fact that banks are involved in real estate financing and other related activities cannot be a basis for concluding that real estate brokerage and management activities are financial or related to financial activities. Such false reasoning leads to the conclusion that banking organizations may broker any product whose sale they may finance—appliances, automobiles, airplanes, artwork, etc."

### ***NAR 2006 Legislative Priorities***

Recently, NAR released its federal legislative priorities for 2006. The following is a summary of the issues and legislation NAR is currently tracking:

*Tax Reform:* In November 2005 the President's Advisory Panel on Tax Reform proposed, among other things, changing the mortgage interest deduction (MID) to a 15% credit, elimination of deduction for mortgage interest on 2nd homes, elimination of state and local tax deductions (including property taxes), and elimination of the deduction of interest from home equity lines of credit. Naturally, these proposed changes would have had a devastating impact on the real estate industry.

Reports from Washington indicate little support in either the House or Senate for these changes. However, NAR is still working to ensure the protection of the MID. NAR believes that any additional proposals won't be seen until after the mid-term elections in 2007.

*Freddie Mac / Fannie Mae Oversight and Reform:* During Fall 2005 the House approved reforms of both Freddie Mac and Fannie Mae. Revised regulations will allow a new Freddie/Fannie use regional median home prices to establish conforming loan limits. In high-cost areas, the limit may be up to 150% of the national conforming loan limit. While this change will benefit the real estate industry another provision was included in the reform package that creates a new affordable-housing fund. NAR is concerned that the new may be used to support political campaigns. NAR reports that follow-up amendments were passed that would require those receiving these funds to not participate in political activities.

The next stop for the Freddie/Fannie reform package is the Senate. Unfortunately, according to NAR, there is less interest in the Senate to pass this reform.

*Identity Theft Protection:* In response to growing concern about identity theft, some sellers are now refusing to provide the required affidavit to the buyer or are providing an affidavit without the seller's taxpayer identification number. NAR is proposing legislation to the House Ways and Means Committee Staff to that will both protect the privacy of all parties involved in a transaction.

*Homeownership for Veterans:* Last summer the American Veterans Homeownership Act was introduced. The legislation would allow more veterans to participate in the veteran's mortgage bond program. The program is currently available to veterans in several states including California. According to NAR the changes will allow veterans who served on active duty regardless of date of service, to apply for financing under the bond program up to 25 years after the end of their active duty, and revise volume limitations applicable to the issuance of such bonds in certain state.

*Natural Disaster Insurance:* The Homeowners Insurance Availability Act, H.R. 846 is currently in the House Subcommittee on Housing and Community Opportunity. According to NAR, the bill will implement a reinsurance coverage program for residential property losses to homes and the contents of apartment buildings, caused by certain natural disasters including earthquakes, fire and tsunamis. The bill will also create a "Disaster Reinsurance Fund" which will be managed by the U.S. Department of the Treasury.

*Eminent Domain:* Last year the Supreme Court ruled in favor of local government's ability to take property through the eminent domain process. Congress is responding to this controversial ruling with legislation to protect private property rights. Last Fall the House passed the Private Property Rights Protection Act of 2005 which, among other things, would withhold federal funding from cities which, in some cases, use eminent domain for private economic development projects. According to NAR, the bill has been referred to the Senate Judiciary Committee.

*Endangered Species Act:* Richard Pombo, the Republican Representative from Tracy, sponsored H.R. 3824, "The Threatened and Endangered Species Recovery Act of 2005 (TESRA)." According to NAR, REALTORS® support amendments to the Endangered

Species Act that recognize the economic impact in designating and recovering endangered species, provide incentives to encourage species protection and compensate private property owners when they have been wholly or substantially deprived of the economic value of their property. Representative Pombo's legislation attempts to balance species protection with community development needs. NAR reports the bill passed the House in just 10 days but is unsure about Senate support for the issue.

### ***State Issues***

C.A.R. is monitoring the status of AB 770 (Mullin) and SB 551 (Lowenthal) Common Interest Developments Ombudsperson. If passed, these bills will create a new "Office of the Common Interest Development Ombudsperson" and provide training materials, a website and courses to owners, officers and directors of common interest development. The office would also provide dispute resolution.

The February 24 bill introduction deadline produced several pieces of legislation that C.A.R. will be monitoring. Committee hearings resumed March 1, watch this column for more details on pending legislation.

### ***Local Issues***

According to a recent traffic study, the I-580 corridor is the second worst commute in the Bay Area. Increasing the capacity of public transit systems may offer an alternative to commuters on I-580 and benefit the quality of life in the Tri-Valley area.

For more than 40 years, tax dollars from Livermore residents have helped subsidize the construction of BART tracks and stations in other communities. However, there are no current plans to bring the trains to Livermore. Linda Jeffery Sailors, a former Dublin mayor and current Livermore resident, is spearheading a grass-roots effort to bring BART to Livermore.

This new campaign seeks support for the construction of a station at I-580 and Greenville road. Specifically, her effort asks BART leaders to build in Livermore before extending service to communities that were not part of the original group of cities that supported BART. The campaign includes a petition drive and online resources. The petition, which may be signed by non-Livermore residents, may be completed online at:

<http://www.livermorebart.org>.

For more information about the movement to bring BART to Livermore, please visit <http://www.livermorebart.org>. Ms. Sailors may be reached at [support@LivermoreBART.org](mailto:support@LivermoreBART.org).

### **From the GAD**

Recently, NAR released a new "Antitrust and Real Estate" DVD that illustrates how antitrust issues can show up in everyday business situations. The DVD helps viewers understand what constitutes antitrust practices in the real estate industry and how to avoid them. The DVD is approximately 20 minutes long and is perfect for office meetings. If

you would like to show the DVD at your office meeting, please contact me at (925)730-4068 or via email at: [davids@bayeast.org](mailto:davids@bayeast.org) for more information.