

NATIONAL ASSOCIATION OF REALTORS®

EYE ON THE HILL

*By Jerry Giovaniello
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of Government Affairs*



Please feel free to contact Gerry Allen at NAR, 202-383-1109, or gallen@realtors.org, if you have any questions about the GAD Newsletter, if you would like to make any suggestions for additions to the newsletter, if you know someone who would like to be added to the mailing list, or if you would like to be removed from this mailing list. The next scheduled edition of the GAD Newsletter will be distributed on April 6, 2007.

WAL-MART WITHDRAWS APPLICATION TO CHARTER WAL-MART BANK - On March 16, 2007, Wal-Mart announced its decision to withdraw its application for federal deposit insurance for an industrial loan company (ILC). An ILC is a special type of state bank that may be owned by commercial firms. The Chairman of the Federal Deposit Insurance Corporation, Sheila Bair, released a statement on the Wal-Mart decision, calling it "a wise choice" that would remove the controversy over the Wal-Mart ILC application. In response to Wal-Mart's decision, NAR President Pat Vredevogd Combs issued a statement hailing the decision as "a major victory for our country and our financial security." NAR has written, testified, and argued against approval of the Wal-Mart and other pending ILC applications from commercial firms, including Home Depot. Commercial firms should not be allowed to engage in banking, because of the inevitable conflicts of interest and risks to the financial system that result. NAR will continue to work for enactment of H.R. 698, the "Industrial Bank Holding Company Act of 2007," introduced by Rep. Paul Gillmor (R-OH) and Financial Services Committee Chairman Barney Frank (D-MA). The bill would close the existing ILC loophole--the last major statutory exception to the national policy against mixing banking and commerce. For more information, please CONTACT: Jeff Lischer, jlischer@realtors.org, 202-383-1117, Lynn King, lking@realtors.org, 202-383-1156.

CHRIS MATTHEWS TO SPEAK AT NAR MIDYEAR MEETING - The host of MSNBC's Hardball With Chris Matthews and NBC's The Chris Matthews Show presents his insider's views and perspectives during the NAR Midyear Meeting at the Legislative and Political Forum. The Legislative and Political Forum is scheduled for Tuesday, May 15, 2006, from 7:30 AM – 9:00 AM in the Marriott Wardman Park. We will hear in person what makes Chris Matthews's shows lively and thought provoking as he draws on his experience as a broadcast journalist, a newspaper bureau chief, a Presidential speechwriter, and a best-selling author to prepare his commentary on current activities inside the Beltway. For more information on this event, please see the NAR Midyear Meeting webpage at: <http://www.realtor.org/educsess.nsf/allpages/Mgov07AWIR-5UPUBL> or CONTACT: Gerry Allen, gallen@realtors.org, 202-383-1109.

NAR TESTIFIES BEFORE HOUSE COMMITTEE ON THE HEALTH INSURANCE CHALLENGES FACING REALTORS® AND THE SELF-EMPLOYED - On Wednesday, March 14, 2007, NAR testified before the House Small Business Committee's hearing on the "Challenges and Solutions to Health Insurance Coverage for Small Businesses." The hearing was the first of what the chair of the committee, Representative Nydia Velazquez (D-NY), characterized as a series of hearings focusing on the problems that small business owners have finding affordable health insurance coverage for themselves and their employees. Chairwoman Velazquez was the lead Democratic co-sponsor of last year's association health plan legislation, HR 525. Testifying on behalf of NAR was Maryland REALTOR® Adam Cockey, the 2007 Immediate Past Chair of the NAR Business Issues Committee. In his testimony, Mr. Cockey explained the problems that independent contractors and the self-employed face and stressed how important it is that any discussion of solutions to the nation's health insurance crisis must go beyond the traditional focus on the state of the large and small group markets and include individual health insurance market reforms. Testifying along with Mr. Cockey were Karen Ignani, the CEO of America's Health Insurance Plans (AHIP); Gail Wilensky, a health economist with Project Hope; Todd Stottlemeyer, president of the National Federation of Independent Businesses (NFIB); and Craig Cavanaugh, the

owner of a small Ohio electrical contracting firm. For more information on this issue, please CONTACT: Marcia Salkin, msalkin@realtors.org, 202-383-1092.

IT'S NOT TOO EARLY TO THINK ABOUT FAIR HOUSING MONTH - Celebrate Fair Housing Month this April by offering NAR's At Home with Diversity course. NAR will waive the \$150 course fee for any association sponsoring the course during Fair Housing Month. If you are not already signed up as a course sponsor, you can become one for \$150. This is an NAR certificate course, and credit can also be earned toward the CIPS, CRS, PMN designations, and soon the CRB designation. Download the Sponsor Agreement/Application at: <http://www.realtor.org/divweb.nsf/DiversityCourse?OpenView> or CONTACT: Kyle Lambert London, klambert@realtors.org, 202-383-1203.

FREDDIE MAC ANNOUNCES TOUGH NEW SUBPRIME LENDING STANDARDS On February 27, 2007, Freddie Mac announced it would stop buying subprime adjustable rate mortgages (ARMs) that are likely to impose a payment shock on the borrower that could result in foreclosure. For example, 2/28 and 3/27 mortgages typically have a low "teaser" rate for the initial period two or three year period. At the end of the initial period, the monthly payment increases significantly, and adjusts periodically, often every six months. Freddie will only buy subprime ARMs if the lender qualifies the borrower based on a fully-indexed and fully-amortizing payment, including taxes and insurance. Freddie will also limit use of low-documentation underwriting for these loans to borrowers with incomes from "hard-to-verify" sources, such as the self-employed and those in the "cash economy." In addition, Freddie strongly recommends that subprime lenders require escrow accounts for taxes and insurance, as is typical in the prime market. The new standards apply to mortgages originated starting on September 1, 2007.

To help lenders serve subprime borrowers, Freddie is developing new fixed-rate and hybrid ARM mortgage products to give lenders more choices for subprime borrowers. For example, the new products could provide lower adjustable rate margins, longer fixed-rate terms, and longer initial period before the payment resets. For more information, please CONTACT: Jeff Lischer, jlischer@realtors.org, 202-383-1117, Lynn King, lking@realtors.org, 202-383-1156.

GET SMART! GET FUNDING FOR YOUR LOCAL ASSOCIATION SMART GROWTH ACTIVITIES - To increase the effectiveness of local association efforts in creating livable communities, NAR has established the Smart Growth Action Grant program to assist your efforts to implement programs and activities that position REALTORS® as leaders in smart growth. The maximum amount available for any one association is \$3,000 per grant cycle. Two application deadlines in 2007: April 6th and October 5th. For full program details, please visit <http://www.realtor.org/sqgrants> or CONTACT: Hugh Morris, hmorris@realtors.org, 202-383-1278.

FEDERAL BANKING REGULATORS RELEASE STATEMENT ON SUBPRIME MORTGAGE LENDING - On March 2, 2007, the federal banking agencies that regulate banks, thrifts, and credit unions, released a Statement on Subprime Mortgage Lending. Once published in the Federal Register, public comments will be due within 60 days. In recent months, many industry players and consumer groups have raised concerns about subprime mortgages that have initial "teaser" rates that impose a significant payment shock when the rate resets at the end of the initial period (usually at the beginning of year 3 or 4). Many lenders have defended them. The proposed Statement attempts to deal with the characteristics of certain types of subprime mortgages that could result in the borrower losing the home or paying very high refinancing costs. The Statement includes underwriting standards, consumer protection principles, control systems for monitoring whether an institution's practices are consistent with its policies and procedures, and supervisory review policies. NAR will assess the details of the Statement during the comment period and submit its views to the Agencies. For more information, please CONTACT: Jeff Lischer, jlischer@realtors.org, 202-383-1117, Lynn King, lking@realtors.org, 202-383-1156.

CHANGES COMING TO THE GAD NEWSLETTER - In the next few months, you will start to see some changes to the way the GAD Newsletter looks. We will be updating the design of the Newsletter and will be sending it to you via e-mail in a system that will be easier for you to read and to access the information provided in the newsletter. Look for the new design in the May edition. If you have any questions about the GAD Newsletter, please CONTACT: Gerry Allen, gallen@realtors.org, 202-383-1109.

HUD HOLDS MEETING TO DETAIL LIMITED ENGLISH PROFICIENCY GUIDANCE - On Wednesday, February 28th, HUD held a meeting to give more details on its Limited English Proficiency (LEP) guidance which goes into effect on March 7, 2007. The meeting was broadcast through the web and is expected to be archived for later viewing on <http://www.hud.gov/webcasts/schedule/index.cfm>. The guidance requires that administrators of HUD funded programs provide translated documents and interpretation services to the LEP populations it serves. The guidance does not apply to FHA insurance, however, if HOME or CDBG funding is involved, such services might be required. Included among the services are translations of vital documents. HUD is undertaking such measures with its own forms and documents, but private sector or state documents might require translation if they are deemed vital to the transaction or service. HUD also posited that Section 8 certificate or voucher landlords need not comply with the guidance, however, agencies that administer such programs or organizations that manage project-based units would fall under the guidance regime. In many respects, the guidance is still vague. The thresholds for determining when a translated document is required is relatively high (more than 1000 of eligible population with a given language or 5% and greater than fifty people), however the threshold for interpretive services is quite low (more than 5% of the eligible population and 50 or less in number). HUD maintains that it is the only agency that can enforce the guidance with respect to its programs and that no private right of action exists. Finally, HUD also maintained that the English version of any documents would be the controlling legal documents. NAR is putting together a more detailed analysis of the guidance. CONTACT: Ken Trepeta, ktrepeta@realtors.org, 202-383-1294 or Megan Booth, mbooth@realtors.org, 202-383-1222.

NAR AND MARYLAND ASSOCIATION OF REALTORS® PARTNER IN RESPA EDUCATION FOR C.E. CREDIT - Following on NAR's successful development of a model RESPA education curriculum, NAR has joined with the Maryland Association of Realtors to schedule the first joint course for continuing education credit. The course will be held on April 17, 2007 at the La Fontaine Bleu in Glen Burnie, Maryland from 9:00 a.m. to 12:00 p.m. In May of 2006, NAR's Business Issues Committee asked that NAR work to develop a RESPA education curriculum. The curriculum was presented to the Business Issues Committee and the RESPA PAG at the New Orleans convention and both expressed the strong desire that NAR move forward and work with the states to advance the creation of a course. Maryland AE and RESPA PAG member Mary Antoun and Business Issues Committee Immediate Past Chairman and RESPA PAG member Adam Cockey volunteered to help move the process forward and use Maryland as the test bed for the course. Should the effort prove successful, NAR hopes to partner with other state associations to put together similar efforts over the coming months and year. In addition, NAR will be holding a "RESPA Realities" session at the Mid Year Meeting in Washington, D.C. on Tuesday, May 15, 2007 at 8:00 a.m. The session will feature renowned RESPA expert Phil Schulman. The session will be an excellent opportunity to get updates on the latest in RESPA enforcement and have your RESPA questions addressed by the experts. For more information, please CONTACT: Ken Trepeta, ktrepeta@realtors.org, 202-383-1294.

RPAC FUNDRAISING PARTNERSHIP PROGRAM UNDERWAY - The RPAC Fundraising Partnership Program is an unprecedented program offered by NAR to state and local associations who request fundraising assistance. The program is off to a successful start with 21 associations involved in either the Level 2 or Level 3 components. The Level 2 component provides local associations with grants of up to \$5,000 and state associations with grants up to \$10,000 for fundraising activities. Level 3 participants receive customized brochures at no cost to support their local/state fundraising efforts. To participate or find out more information on the program levels, please go to <http://www.realtoractioncenter.com/rpacpartnership>. If you have any questions about the program, please CONTACT: Chad Curry, ccurry@realtors.org, 312-329-8285.

FREE ANALYSIS OF PENDING LAND USE LEGISLATION - REALTORS® sell more than homes and commercial properties – they sell communities. This is why state and local REALTOR® associations are becoming involved more than ever before in land use decisions. NAR's Land Use Initiative provides you with a quick and thorough analysis of pending land use legislation or regulations. The analysis is provided by the preeminent land use law firm Robinson & Cole. All free of charge to you. For more information, visit <http://www.realtor.org/SG3.nsf/Pages/landinit?OpenDocument> or CONTACT: Bob McNamara, bmcnamara@realtors.org, 202-383-1268.

FUNDING SUPPORT FOR STATE AND LOCAL ASSOCIATION DIVERSITY ACTIVITIES - NAR's diversity strategies recognize the critical role that local diversity activities play in achieving NAR's diversity objectives. To support your efforts, NAR's Community Outreach Department is now soliciting applications for its sixth round of funding in the Diversity Initiative Grant program. The maximum amount available to any one association is \$5,000 per grant cycle. Two application deadlines in 2007: April 6th and October 5th. For full program details, please visit <http://www.realtor.org/diversitysupport> or CONTACT: Hugh Morris, hmorris@realtors.org, 202-383-1278.

NAR GEARS UP TO EDUCATE MEMBERS ON TIC SECURITIES, CONVENES INFORMAL TASK FORCE OF REAL ESTATE AND STATE SECURITIES REGULATORS - On March 7, NAR convened representatives from the North American Securities Administrators Association (NASAA), the Association of Real Estate License Law Officials (ARELLO) and the Tenant in Common Association (TICA) to begin developing a common set of principles and guidelines to both educate their respective members and help shape the regulation of Tenant in Common (TIC) Securities at the state level. Over the past two years, NAR has been in discussions with the Securities and Exchange Commission on developing a framework by which real estate professionals may advise clients on TIC transactions that are structured and sold as securities, derive compensation, and not violate securities laws and regulations. Should the SEC respond in NAR's favor, NAR will need to work closely with state associations, real estate regulators and securities regulators to ensure that all understand the role of a real estate professional who acts as a buyers agent in a TIC securities transaction. This informal task force will develop the principles that will underlie NAR's education efforts. Government Affairs Directors who are facing legislative or regulatory concerns with the TIC industry are encouraged to CONTACT: Tom Heinemann, THeinemann@realtors.org, 202-383-1090.

HOUSING OPPORTUNITY - HOME FROM WORK™ CLASS - Rising housing costs create problems for workers who can't afford to live near their place of work. Employer-assisted housing (EAH) programs create mutual benefits for both employers and employees by solving this problem and creating employee loyalty. NAR's Home From Work program encourages REALTORS® to become advocates for expanding housing opportunities. We have recently certified over fifteen REALTORS® who are qualified to teach the class. On the Home From Work™ website (<http://www.realtor.org/housopp.nsf/pages/homefromwork06?opendocument>), you will find detailed directions explaining the process one must follow to sponsor a Home From Work™ class. The list of certified trainers by region is also listed on this website. Stay tuned as new training classes will be added and as more certified trainers are approved. If you have any further questions regarding the Home From Work Program™, please CONTACT: Mike Lehrman, mlehrman@realtors.org, 202-383-1079.