



(The NC REALTORS® Government Affairs Update is published weekly during the legislative session by the NC Association of REALTORS®, Inc. as a service to its membership. This report is sent via email to REALTORS® across North Carolina. If you have any questions, please call the association's Government Affairs Department at 919-856-9155.)

NORTH CAROLINA NEWS

Crossover Week brings Craziess and Successes

This was “crossover” week at the N.C. General Assembly, which means that all bills—except those related to the budget—had to make it out of one chamber by the end of this week in order to remain eligible. There were numerous and overlapping committee meetings throughout the week and the House and Senate worked marathon legislative sessions Tuesday and Wednesday to move hundreds of pending bills before the self-imposed deadline of May 14th. Amid the craziness, there were many REALTOR® successes.

Mountain Property Development and Disclosure Legislation

Legislation to regulate mountain property transactions and require local governments to more stringently regulate development in those counties was thwarted and instead the issues will be studied. Reps. Ray Rapp (D-Madison), Phil Haire (D-Jackson), and Susan Fisher (D-Buncombe) introduced [HB 782 \(Safe Artificial Slope Construction Act\)](#), which would require local governments to enforce more rules for development in the mountains and amend the residential property disclosure statement to include disclosure of certain mountain property. In response to opposition from REALTORS® from the western part of the state and most other mountain legislators, this bill was turned into a study bill to research landslides and have public hearings. There is to be a bipartisan, eight member panel which will report to the legislature in May of 2010.

Jordan Lake Rules

Legislation that rewrites previously adopted administrative rules that regulate various activities in the Jordan Lake watershed was approved by the House this week. [HB 239 \(Disapprove Jordan Lake Rules\)](#), introduced by Reps. Lucy Allen (D-Franklin) and Pryor Gibson (D-Anson), specifically repeals the rule that regulates existing development and replaces it with a much more sensible regulatory scheme. This is great news for property owners in the watershed, as the original rules had extremely high implementation costs and would have required environmental retrofits of existing development. The N.C. Association of REALTORS® staff is working with our local REALTORS® and business and local government allies to further improve the rules, including the rules regulating new development, as the legislation moves through the Senate.

School Calendar

May 15, 2009

[Government Affairs Update Menu](#)

[NC Realtors® Web Site](#)

[NC General Assembly](#)

[NC Real Estate Commission](#)

[NC REALTORS Talk](#)

[Real Estate News](#)



North Carolina Association of REALTORS®, Inc.
421 Fayetteville Street, Ste. 1109
Raleigh, NC 27601
919.856.9155
ncar@ncrealtors.org

[HB 593 \(Change School Start Date\)](#), introduced by Reps. Paul Luebke (D-Durham), Martha Alexander (D-Mecklenburg), Bob England (D-Cleveland) and Ray Rapp (D-Madison), which would permit school districts to start classes as early as the second Monday in August, originally failed in the House Commerce Committee but was allowed to be reconsidered on Monday evening. At that time, the bill was approved. It was then approved by the full House. Like we said, crossover week is crazy!

Additionally, a bill to extend the school year for 4 days past the June 10th end date due to inclement weather was approved by the House. [HB 636 \(Sch Cal. Changes for Inclem. Weather/Em Cond.\)](#), was introduced by Rep. Phil Haire (D-Haywood).

And a bill which would study the school calendar, [HB 1306 \(Restore Flexibility to School Calendar\)](#), introduced by Reps. Becky Carney (D-Mecklenburg), Douglas Younge (D-Hoke), Will Neumann (R-Gaston) and Marvin Lucas (D-Cumberland), was passed by the House Education Committee.

Even though there has been movement of these bills, the various votes on HB 593 were closer than anyone expected. By raising this level of opposition in the House, there is almost certainty that these bills will not be considered in the Senate. The NC Association of REALTORS® and our vacation rental managers, along with other interested parties, will continue to voice our opposition and push for defeat of all bills aimed at changing the school calendar law.

Homeowner's Insurance

Legislation that will completely overhaul the insurance plan known as the Beach Plan could be discussed as early as late next week. [HB 1305 \(Beach Plan Changes\)](#), introduced by Rep. Hugh Holliman (D-Davidson), is currently being revised and is the subject of negotiations between the insurance companies, insurance agents, the Department of Insurance, the NC Association of REALTORS® and homebuilders.

One provision being addressed by the legislation is the surplus distribution that has typically been returned to the insurance companies. Legislators are working to prevent this distribution in the future and have introduced bills to that regard. One such bill, [HB 742 \(Prohibit Beach Plan Surplus Distribution\)](#), was introduced by Rep. Tim Spear, D-Washington) and was defeated in the House Judiciary II Committee this week. Members of the committee were inclined to address this issue in the comprehensive bill.

On a related note, the National Association of REALTORS® Public Policy Coordinating Committee, upon the request of the N.C. Association of REALTORS®, has approved a motion asking the NAR Board of Directors to reinstate the Insurance Task Force.

Plastic Bag Ban

[SB 1018 \(Ban Certain Single-Use Bags\)](#), introduced by Sen. Josh Stein (D-Wake), passed the Senate and is a pilot program backed by Senate President Pro Temp Marc Basnight (D-Dare) that would ban plastic bags in Dare, Currituck and Hyde counties, with some limited exceptions.

Below is a snapshot of just some of the bills the N.C. Association of REALTORS® staff worked on this week.

- [HB 699 \(Statewide Nuisance Notice Authority\)](#), introduced by Rep. Marian McLawhorn (D-Pitt), was passed by the House and authorized all cities and counties to give notice to chronic violators of their public nuisance ordinances.
- [HB 813 \(Uniform Apportionment Of Tort Responsibility\)](#), introduced by Reps. Rick Glazier (D-Cumberland), John Blust (R-Guilford), Deborah Ross (D-Wake) and Bonner Stiller (R-Brunswick), was passed by the House and modifies North Carolina's tort laws by essentially moving to a comparative fault scheme rather than contributory negligence.
- [HB 1058 \(Increase Statutory Homestead Exemption\)](#), introduced by Reps. Dan Blue (D-Wake) and Jennifer Weiss (D-Wake), passed the House and increases the Homestead Exemption that protects homeowners from creditors from \$18,500 to \$75,000.

- [HB 1222 \(Mortgage/Rate Spread & High-Cost Loans\)](#), introduced by Rep. Dan Blue (D-Wake), was passed by the House and makes various changes to the mortgage statutes, including changing the definitions of a rate spread home loan and average prime offer rate.
- [HB 1353 \(No Ordinances/Deeds May Stop Clotheslines\)](#), introduced by Reps. Pricey Harrison (D-Guilford), Ruth Samuelson (R-Mecklenburg) and Susan Fisher (D-Buncombe), passed the House and limits the ability of counties and cities to enact ordinances prohibiting the installation of clotheslines. Based upon REALTOR® input, the bill was improved dramatically from the introduced version which gave broad authority to local governments to void covenants.
- [HB 1387 \(Solar Collectors on Residential Properties\)](#), introduced by Reps. Susan Fisher (D-Buncombe) and Pricey Harrison (D-Guilford), passed the House. Again, NC Association of REALTORS® concerns were addressed as provisions that would override covenants and outright prohibit the local government regulation of solar collectors were removed. Now the bill simply applies existing law regarding single family detached housing to condominiums and townhomes.
- [HB 1388 \(Brownfields Property Notifications\)](#), introduced by Rep. Susan Fisher (D-Buncombe), was negotiated by the bill sponsor and NC Association of REALTORS® staff to ensure private property rights are protected while meeting the sponsor's goal of proper public notice. This bill passed the House and requires a proposed brownfields developer to provide notice to adjacent property owners.
- [HB 1490 \(Extend Permits Regarding Land Development\)](#), introduced by Reps. Ty Harrell (D-Wake), Bruce Goforth (D-Buncombe), Nelson Dollar (R-Wake) and Thom Tillis (R-Mecklenburg), passed the House and extends all development permits for six months from the original expiration date.
- [HB 1523 \(S.A.F.E. Mortgage Licensing Act\)](#), introduced by Rep. Dan Blue (D-Wake), was passed by the House and is intended to conform North Carolina's mortgage licensing act with the Federal requirements that were enacted as part of the Housing and Economic Recovery Act of 2008.
- [SB 425 \(Fair Housing Act Amendment\)](#), introduced by Sen. Ellie Kinnaird (D - Orange), passed the Senate and would make it unlawful to refuse to rent to someone because they are receiving housing assistance and someone in the household is either disabled or is 62 years of age or older. Senator Kinnaird has said she will not push for passage of this bill in the House.
- [SB 661 \(Allocate Water Cost/Landlord-Tenant Changes\)](#), introduced by Sen. Dan Clodfelter (D-Mecklenburg), passed the Senate this week and changes various landlord-tenant laws including how water usage is charged.
- [SB 698 \(City/County/Sanitary District Fees/Internet\)](#), introduced by Sen. Julia Boseman (D-New Hanover), passed the Senate and requires cities and counties to post any fee increases on their websites at least 7 days prior to consideration of the fee increase.
- [SB 810 \(Affordable Housing/No Discrimination\)](#), introduced by Sen. Floyd McKissick (D-Durham), passed the Senate and would make it unlawful to deny a land-use permit because the project will include affordable housing units.
- [SB 831 \(Extend Permits Regarding Land Development\)](#), introduced by Sen. Dan Clodfelter (D-Mecklenburg), was passed by the Senate and will grant an automatic 6 month extension of all building permits.
- [SB 866 \(APA Rules: Increasing Costs Prohibition\)](#), introduced by Sen. David Hoyle (D-Gaston), passed the Senate and prohibits any regulatory agency from adopting rules that will result in additional costs for those persons subject to the rules unless the agency is ordered to do so by another government body or there is "a serious and unforeseen threat to the public health, safety, or welfare."
- [SB 916 \(Tenant Security Deposit/Interest-Bear. Acct.\)](#), introduced by Sen. Katie Dorsett (D-Guilford), which would require all property managers to hold tenant security deposits in interest bearing accounts and would sweep the interest for the Housing Finance Agency, was overwhelmingly defeated in the Senate Committee on Commerce. This bill is no longer eligible for consideration this session.
- [SB 974 \(Consumer Economic Protection Act of 2009\)](#), introduced by Sen. Tony Rand (D-Cumberland), passed the Senate and is an effort to protect the owner during the foreclosure of their primary residence. Among other things, it allows the clerk of court to delay a foreclosure proceeding where the clerk finds that there is good cause to believe that additional time or

additional measures have a reasonable likelihood of resolving the delinquency without foreclosure.

- [SB 1015 \(Homeowner And Homebuyer Protection Act\)](#), introduced by Sen. Josh Stein (D-Wake), makes it unlawful for people other than the mortgagor to offer or participate in a foreclosure rescue scheme. The bill also regulates installment sales contracts (sometimes called contracts for deeds) and lease options. This bill passed the Senate with the understanding that it is by no means a finished product and needs more discussion. The N.C. Association of REALTORS® staff is working with the bill sponsor to further refine the legislation.
- [SB 1027 \(Zoning Change/Property Owner Notice\)](#), introduced by Sen. Tony Rand (D-Cumberland), passed the Senate and requires that an applicant requesting zoning changes to another person's property shall certify to the local government that the owner of the property to be rezoned has received actual notice of the proposed change and a copy of the notice of public hearing.

One note about "cross-over": It's not unusual for "bad bills" to make their way out of one chamber during cross-over week. We have a bi-cameral (two-chamber) legislative system so the "bad bills" are typically either cleaned up or not taken up by the second chamber. Having said that, the overwhelming majority of the legislation that we would characterize as "bad bills" were not approved by either chamber proper to crossover.

NATIONAL NEWS

HUD Reconsidering Tax Credit Use for Down Payment

HUD is apparently delaying its determination that the \$8,000 first time homebuyer tax credit can be used for down payments. This Tuesday, Shaun Donovan, secretary of the U.S. Department of Housing and Urban Development, said that the Federal Housing Administration was going to permit its lenders to allow home buyers to use the \$8,000 tax credit as a down payment. But later in the week this was rescinded and is apparently still being evaluated.

Donovan's comments came in an address to several thousand REALTORS® gathered Tuesday morning at "[The Real Estate Summit: Advancing the U.S. Economy](#)," at the 2009 REALTORS® Midyear Legislative Meetings & Trade Expo in Washington, D.C.. The NATIONAL ASSOCIATION OF REALTORS® has been asking that the credit be advanced in the form of down payment assistance.

More Tax Credits Available for First-Time Buyers

Most potential homebuyers know about the widely publicized \$8,000 federal tax credit for first-home purchases in 2009. What many don't know is that they also might qualify for the NC Housing Finance Agency's Mortgage Credit Certificate program, which provides an annual tax credit for as long as they own the home.

<http://www.homes4nc.org/MCCFlyer.pdf>

Other Solutions for Today's Market

During his address at the Real Estate Summit, Secretary Donovan went on to say that the Obama administration plans to further stabilize the housing market. "I do think we have some early signs that the market overall is stabilizing," Donovan says. "Since January we've seen both home sales moving up and down around a relatively stable number and we are seeing the first signs that the rapid decline in home prices is starting to abate."

The morning session included a panel discussion that was moderated by CNBC's Ron Insana. [Panelists](#) examined cutting-edge solutions necessary to promote and preserve homeownership and real estate development, stimulate the economy, and protect the nation's taxpayers. They also shared their ideas on what the role and responsibility of the federal government is in the revitalization effort.

“Right now the Federal Reserve is the market,” said panelist Jay Brinkman, chief economist for the Mortgage Bankers Association. “What will be the effect when the Fed stops buying?” Brinkman explained that an exit strategy must be planned for the long-term; the federal government cannot continue to support the mortgage markets indefinitely.

“We are thrilled that so many high-caliber individuals were able to join us today at this important meeting to promote stability in the housing market and the U.S. economy,” said NAR President Charles McMillan. “We look forward to an ongoing dialogue and action toward this goal, during our midyear meetings this week and beyond.”

The real estate summit is part of the [2009 REALTORS® Midyear Legislative Meetings & Trade Expo](#). During the week ending May 16, more than 8,500 REALTORS® will attend meetings, visit lawmakers and inspire action on Capitol Hill.

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