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# Government Affairs Update



North Carolina Association of REALTORS®, Inc.

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Grounds

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## **North Carolina News:**

### **Beach Plan**

The House Finance Committee met three times last Thursday to debate and vote on the proposed changes to the Beach Plan in **HB 1305 (Beach Plan Changes)**, introduced by **Rep. Hugh Holliman (D-Davidson)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1305v1.pdf>. These changes that are aimed at helping the plan survive a catastrophic storm.

N.C. Association of REALTORS® staff were successful in having two amendments adopted. The first, introduced by **Rep. Bill Owens (D-Pasquotank)**, provides that the 1% deductible for Beach Plan policies will only be charged after a named storm event. The second, introduced by **Rep. Danny McComas (R-New Hanover)**, removed the requirement that all properties in the Beach Plan carry flood insurance irrespective of whether the property is located in a flood hazard area. An amendment to keep the per property exposure cap at \$1.5 million for residential policies introduced by **Rep. Dewey Hill (D-Brunswick)** failed, as did an amendment offered by **Rep. Owens** to reduce the surcharges on wind only and full homeowners policies from 10 to 5 percent and from 20 to 15 percent respectively.

Additionally, **Rep. Van Braxton (D-Lenior)** introduced a successful amendment to require an annual audit of the Beach Plan. An amendment to move the cap amount on the recoupable assessment in the event of a catastrophic storm event from 10 percent to 5 percent was introduced by **Rep. Jennifer Weiss (D-Wake)** but failed.

N.C. Association of REALTORS® staff will continue to work to address our members' concerns as the bill moves through the House and to the Senate.

### **Secure and Fair Enforcement Mortgage Licensing Act**

**HB 1523 (S.A.F.E. Mortgage Licensing Act)**, introduced by **Senator Dan Blue (D-Wake)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1523v4.pdf>, conforms North Carolina's mortgage licensing act to the Federal requirements that were enacted as part of the Housing and Economic Recovery Act of 2008. This bill includes a federally mandated prohibition on seller financing for all properties other than the seller's primary residence. Current North Carolina law allows sellers to finance up to 5 real estate transactions per year. North Carolina Association of REALTORS® staff has received a commitment to extend this exemption until at least July 31, 2010, pending HUD's determination of whether or not this prohibition will remain in the federal law. Staff will continue to work to keep this option available for sellers and buyers and will work with NAR to ensure our concerns are addressed at the federal level.

### **Property Tax Reprieve**

The General Assembly has approved and the Governor has signed **HB 852 (Defer Tax on Builders' Inventory)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H852v3.pdf>, introduced by **Reps. Margaret Dickson (D-Cumberland) Harold Brubaker (R-Randolph), Hugh Holliman (D-Davidson) and William Wainwright (D-Lenoir)**, which would temporarily defer the property taxes due on unsold, new homes which have never been occupied, for up to three years or until the house is sold. The tax deferral is only on the home and not the underlying property. The increased property taxes generated by improving the land with a home would be due when the home is sold.

### **State Budget Update**

All signs point to the need for another Continuing Budget Resolution. The previous resolution **SB 311 (Continuing Budget Authority)**, introduced by **Sen. Linda Garrou (D-Forsyth)**, <http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S311v3.pdf>, ends on July 15, 2009, and all sides to the negotiation are indicating that they are far from an agreement. Since **SB 311** was passed, the Governor released her tax package. Here is a link to the News and Observer story that also includes a link to Governor Perdue's proposal:  
[http://projects.newsobserver.com/under\\_the\\_dome/perdue\\_wants\\_1\\_cent\\_sales\\_tax\\_hike](http://projects.newsobserver.com/under_the_dome/perdue_wants_1_cent_sales_tax_hike).

### **Annexation**

Legislation that would reform the state's annexation law was returned to committee on Wednesday due to concerns about the financial costs the state could incur under **HB 524 (Annexation – Omnibus Bill)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H524v3.pdf>, introduced by **Rep. Bruce Goforth (D-Buncombe)**. House members voted 60-59 to send the bill to the House Appropriations Committee, with **House Speaker Joe Hackney, D-Orange**, casting the decisive vote. The legislation would require municipalities to provide water and sewer services to newly annexed areas within three years, with a prohibition on further annexations by a municipality until it provides such services; and require a referendum for involuntary annexations, under certain circumstances, which would be held among residents in both the city limits and in the proposed annexation area.

### **Jordan Lake Rules Rewrite**

The Governor has signed into law the rewrite of previously adopted watershed rules for Jordan Lake. **HB 239 (Restore Water Quality in Jordan Reservoir)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H239v4.pdf>, introduced by **Reps. Lucy Allen (D-Franklin) and Pryor Gibson (D-Anson)**, replaces an agency rule that regulates existing development with much more reasonable requirements. This has been a long, hard fight by local REALTOR® boards and the NC Association of REALTORS® and represents a major victory for property owners in the watershed.

### **Member News:**

#### **Appointments**

In recent weeks, the following appointments have been made to various State Boards and Commissions:

1. Wanda Proffitt has been appointed to the North Carolina Transportation Board. Unfortunately, this means Mrs. Proffitt has had to resign from the North Carolina Real Estate Commission. However, we thank her for her 15 years of service on the Commission and wish her well in her new appointment.
2. John Hamrick has resigned from the North Carolina Home Inspector Licensure Board after 14 years of service. Mr. Hamrick was one of the initial Board members and his knowledge and expertise will be missed.
3. Tony Jarrett was appointed to replace Mr. Hamrick on the North Carolina Home Inspector Licensure Board and attended his first meeting July 10, 2009. We are excited to have Mr. Jarrett representing our interests and look forward to working with him on this Board.
4. Tom Barton has been appointed to the North Carolina Appraisal Board by Governor Perdue. His first meeting will be August 11, 2009. We are thrilled to have Mr. Barton serving on this Board.

### **National News:**

#### **NAR Meets with NY Attorney General's Office and FHFA to Discuss HVCC**

NAR President Charles McMillan participated in meetings in Washington and New York to raise NAR's concerns about the impact of the Home Valuation Code of Conduct (HVCC) on the housing market. On

June 29, 2009, Mr. McMillan met with New York State Attorney General Andrew Cuomo's staff. Mr. McMillan met with Federal Housing Finance Agency (FHFA) Director James Lockhart and Fannie Mae CEO Mike Williams on June 30, 2009. FHFA, the Attorney General's staff and Fannie Mae are all receptive to the need for better education on and increased communication about the HVCC's impact on the appraisal process. One possibility is a joint effort with the NAR, the GSEs, the Appraisal Institute, and FHFA to issue a document similar to NAR's myths and facts HVCC flyer. FHFA Director Lockhart indicated he will consider issuing a press release clarifying issues raised by the HVCC and its implementation. Fannie Mae and Freddie Mac are considering issuing more "frequently asked questions" guidance on HVCC.

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