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# Government Affairs Update



North Carolina Association of REALTORS®, Inc.

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## North Carolina News:

### **Home Inspector Legislation Advances**

Legislation to improve home inspection reporting and licensing was approved by the House Commerce Committee this past week. **SB 1007 (Amend Home Inspector Licensure Laws)**, introduced by **Sens. David Hoyle (D-Gaston) and Don Vaughan (D-Guilford)**, <http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S1007v4.pdf>, clarifies what information should be contained on the summary page of the home inspection report and requires all existing home inspectors to take 48 hours of instruction over the next three years on inspection techniques and reporting requirements. The bill also changes the licensing procedure from an apprentice-style approach to one that requires pre-licensing education.

### **State Budget Agreement (Hopefully)**

Let's try again – the House and Senate, for the fourth week in a row, have tentatively agreed to a budget. The \$19 billion budget will increase taxes by approximately \$1 billion, and includes increases a penny increase in the sales tax, increases in so-called “sin taxes”, as well as a 2 or 3% surcharge on individual and corporate income taxes based on income level. Legislative leaders have also agreed to come back for a special session and look at restructuring the tax code.

**Governor Beverly Perdue** is again expressing concerns regarding the surcharge and her desire for additional taxes. And some House Democrats are bothered by the sin taxes (taxes on tobacco and alcohol).

Because the tentative budget wasn't ready by the July 31<sup>st</sup> expiration of the existing stop-gap spending measure, the General Assembly was forced to adopt its third continuing resolution to keep government from shutting down. **HB 102 (Continuing Budget Authority)**, <http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H102v2.pdf>, introduced by **Rep. Hugh Holliman (D-Davidson)** was approved by the House and Senate on Thursday and will keep the state running at 84% of last year's budget and will not expire until the 2009-2010 budget is adopted.

### **Appraisal Management Company Regulation**

Legislation which would require Appraisal Management Companies to register with the state and follow a set of rules was passed by the Senate Commerce Committee this week. **SB 829 (Regulation of Appraisal Management Companies)**, introduced by **Sen. Clark Jenkins (D-Edgecombe)**, <http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S829v2.pdf>, will next be heard by the Senate Finance Committee.

### **Housing Affordability**

A bill that would make it unlawful to deny a land-use permit because the development project will include affordable housing units, **SB 810 (Affordable Housing/No Discrimination)**, introduced by **Sen. Floyd McKissick (D-Durham)**, <http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S810v5.pdf>, passed the House this week. This NC Association of REALTORS®-supported bill will now head back to the Senate for that body's concurrence in the minor changes made in the House.

### **Building and Development Permit Extensions**

As the economy and housing sector have stumbled, builders and developers have had to idle building projects while they wait for a recovery. Unfortunately, many of them face the prospect of their various development and building permits expiring. This would then require the builder/developer to go through the expensive and time-consuming approval processes all over again with no assurance that their project would be approved again.

Fortunately, NC Association of REALTORS®-supported legislation that automatically grants a six month extension of these permits has been approved by the General Assembly. **SB 831 (Extend Permits Regarding Land Development)**, introduced by **Sen. Dan Clodfelter (D-Mecklenburg)**, <http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S831v4.pdf>, is now on its way to the Governor's desk for signature.

### **National News:**

#### **Freddie Mac Stresses Appraisers Knowledge of Local Areas in Recent Bulletin**

On July 10, Freddie Mac released Bulletin 2009-18 to sellers and servicers. The bulletin addresses appraisals and underwriting. Regarding appraisals, the bulletin focuses on qualified appraisers, credible appraisers, comparable sales, and monitory appraisal quality. Freddie Mac reminds sellers that they must be in compliance with the Home Valuation Code of Conduct (HVCC).

The guidance also reminds servicers that appraisers must be familiar with local markets where the property is located, must be competent to appraise the subject property type, and must have access to data needed to create a credible appraisal. NAR has strongly emphasized the issue of out of area appraisers in recent meetings and conversations with the Federal Housing Finance Agency (FHFA) and both government sponsored enterprises, Fannie Mae and Freddie Mac. The Bulletin can be found at the following link: [Bulletin 2009-18](#).

#### **Additional HVCC Guidance Released by FHFA, GSEs Called Good First Step by NAR**

On July 22, 2009, the Federal Housing Finance Agency (FHFA) released a notice on the Home Valuation Code of Conduct (HVCC). The purpose of the notice is to clarify some misconceptions around the HVCC. The notice stressed that the Code provides for communications with appraisers about errors, additional needed information and unprofessional conduct. At the same time, Fannie Mae and Freddie Mac updated their Frequently Asked Questions for HVCC.

NAR President Charles McMillan said the FHFA notice and updated FAQs by Fannie Mae and Freddie Mac are a good first step in addressing concerns with the HVCC but more needs to be done. Mr. McMillan said "our members were experiencing delayed and lost sales because of poor appraisals conducted often by inexperienced appraisers who were not familiar with the area." NAR continues to call for an 18-month moratorium to further address the unintended consequences of the HVCC.

More information can be found at the following links:

[NAR's HVCC Page](#)

[NAR Response to FHFA Notice](#)

[Federal Housing Finance Agency Notice](#)

[Fannie Mae HVCC FAQs](#)

[Freddie Mac HVCC FAQs](#).