
Government Affairs Update



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North Carolina News:

Home Inspector Legislation Advances

Legislation to improve home inspection reporting and increase the professionalism of the home inspection industry was approved by the Senate Finance Committee this week. **SB 1007 (Amend Home Inspector Licensure Laws)**, <http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S1007v3.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. The legislation, which was introduced by **Senators David Hoyle (D-Gaston)** and **Don Vaughan (D-Guilford)**, will be heard on the Senate floor next week.

House Budget Update

As of the writing of this update, the development of the House's budget is somewhat in disarray. House Democrats writing the budget don't seem to have enough votes for a budget that includes cuts that are deep enough to balance the budget, nor do they have the votes to push legislation with tax increases large enough to significantly offset the proposed cuts. One response has been proposing a series of "fee increases", including an increase of \$15 to the recordation fee for mortgages. But this approach is being met with great opposition as many legislators are pointing out that because many of these so-called fees are to be placed into the General Fund they are really just new taxes.

The current plan is to have the House consider its version of the full budget next week. Then the Senate and House will attempt to resolve the differences in their respective versions of the budget by the beginning of the fiscal year.

Homeowners Insurance

REALTORS® staff continues to work with legislators, legislative staff and other interested parties on a comprehensive bill on homeowners' insurance issues and the Beach Plan. This legislation could be heard as early as the next two weeks in the House. Recently, the Senate has indicated that they may develop their own version of the bill.

Builder's Inventory Property Tax Deferral Bill Clears Committee

Legislation to provide tax relief to the real estate industry was approved by the House Commerce Committee this week. **HB 852 (Defer Tax on Builders' Inventory)**, <http://www.ncleg.net/Sessions/2009/Bills/House/PDF/H852v2.pdf>, allows builders to defer the amount of the property taxes that is attributable to improvements resulting from the construction by the builder of

a residence on the property. This bill was introduced by **Rep. Margaret Dickson (D – Cumberland), Rep. Harold Brubaker (R – Randolph), Rep. Hugh Holliman (D – Davidson) and Rep. William Wainwright (D – Craven)**. The bill now heads to the House Finance Committee.

Energy Efficiency Incentives Bill Sent to Governor

SB 52 (Various Localities Energy Dev. Incentives),

<http://www.ncleg.net/Sessions/2009/Bills/Senate/PDF/S52v5.pdf>, introduced by **Sen. R.C. Soles (D-Brunswick)**, received final approval by the General Assembly this week. This legislation allows local governments to provide development incentives for construction that incorporates energy efficiency measures or components.

National News:

HUD: Tax Credit Can Be Used on Closing Costs

FHA-approved lenders received the go-ahead to develop bridge-loan products that enable first-time buyers to use the benefits of the federal tax credit upfront, according to eagerly awaited guidance from the U.S. Department of Housing and Urban Development on so-called home buyer tax credit loans that was released today.

Under the guidance, FHA-approved lenders can develop bridge loans that home buyers can use to help cover their closing costs, buy down their interest rate, or put down more than the minimum 3.5 percent.

The loans can't be used to cover the minimum 3.5 percent, senior HUD officials told reporters on a conference call Friday morning.

Thus, buyers applying for FHA-backed financing with an FHA-approved lender that offers a bridge-loan program can get a bridge loan to bring down the upfront costs of buying a home significantly but would still have to come up with the minimum 3.5 percent downpayment.

There remain many sources of assistance for buyers needing help with the 3.5 percent downpayment, including many state and local government instrumentalities and nonprofit lenders.

The first-time homebuyer tax credit was enacted last year--and improved upon earlier this year--to help encourage households to enter the housing market while interest rates are low and affordability is high. The credit is worth up to \$8,000 and is available to households that haven't owned a home in at least three years. The credit does not have to be repaid, and is fully reimbursable, so households can get their credit returned to them in the form of a payment.

Learn more about the credit, including how to apply for it this year even if you've already filed your taxes, at REALTOR.org.

Homeowners' Insurance Bill Reintroduced

Rep. Ron Klein (D-Fla.) introduced H.R. 2555, the Homeowners' Defense Act to reduce the cost and increase the availability of homeowner's insurance for natural catastrophe. This proposal, which builds on legislation approved by the House of Representatives in 2007, establishes a federal backstop for state-based reinsurance funds. This year, the bill's prospects have improved as President Obama supports the concept. NAR supported the previous version of the legislation as one of many ways to advance the broader congressional debate over natural disaster insurance, and is carefully reviewing this latest iteration for consistency with NAR policy. Mr. Klein offers a more detailed description and link to the bill itself on his legislative website.

[View a detailed description of the bill](#)

Bills Introduced to Extend, Expand Homebuyer Tax Credit

Several House members have introduced bills reflecting their support for the homebuyer tax credit and urging that it be expanded and extended. NAR is saluting their efforts, but has not endorsed any

particular approach. The bills have differing details, but, taken together, all would have beneficial effects on the housing market. NAR anticipates additional bills in the near future. The bills introduced so far:

- H.R. 2562: Ron Kind (D-WI) and 3 bipartisan cosponsors. The bill extends the tax credit through December 1, 2010, but limits the extension to individuals who served for 3 months or more in the military during 2009.
- H.R. 2606: Eddie Bernice Johnson (D-TX). The bill expands the credit to all purchasers, not just first-time purchasers. The bill extends the credit through December 31, 2010. Her bill also eliminates the repayment feature that applies to the \$7500 2008 tax credit.
- H.R. 2619: Kenny Marchant (R-TX). The bill makes the credit available to all purchasers and also extends the credit through June 30, 2010. The bill also provides a temporary \$3000 tax credit that has the effect of refunding the closing costs associated with refinancing a mortgage, so long as the refinanced amount was no greater than the outstanding balance on the mortgage being refinanced.