

### **i. NAR President Testifies on State of Housing**

On March 9th, NAR President Ron Phipps [testified](#) before the Senate Banking Committee on the State of the Housing Market. President Phipps told members of Congress that sustainable home ownership must be the goal when considering future federal housing policies. In his testimony, which outlined the fragile state of the local housing markets, Phipps said the real issue facing the nation and, in turn housing markets, is that many Americans can't find meaningful work to support their families, and housing is essential to creating jobs.

"Home ownership is a pillar of our economy; our research suggests that home sales in this country generate more than 2.5 million private-sector jobs in an average year. For every two homes sold, a job is created," Phipps said. He added that, while housing alone may not pull America out of this stalled economy, hampering its recovery will severely and negatively impact the nation's recovery.

When asked about GSE reform, Phipps agreed that reforms are required to prevent a recurrence of the housing market meltdown, but raising fees and increasing down payment requirements for well-qualified, creditworthy borrowers places an unnecessary burden on many families, especially those in high-cost urban markets.

In closing, Phipps emphasized the need to keep housing first on the nation's public policy agenda to ensure that housing and national economic recoveries are sustained, and that anyone in this country who aspires to own a home and can afford to do so is not denied the opportunity to build their future through home ownership.

### **ii. NAR President Phipps Meets with Professor Elizabeth Warren**

On February 16, 2011, NAR President Ron Phipps met with Professor Elizabeth Warren, Assistant to the President and Special Advisor to the Secretary of the Treasury on the Consumer Financial Protection Bureau (CFPB). Professor Warren is credited with the idea of creating the CFPB and is charged with its launch, scheduled for July 21, 2011. President Phipps and Professor Warren discussed a wide range of issues, including the need for more mortgage liquidity, the shared goal of CFPB and NAR to streamline disclosures under TILA and RESPA, continuing problems with the short sales process that takes too long and fails too often, the need for more consumer literacy education aimed at students, and the lack of transparency about how credit scores are determined. Additional meetings with CFPB and NAR staffs are already in the works to discuss the current economic condition of the housing and mortgage markets, REALTORS® Property Resource, and credit score issues.

### **iii. NAR Guidance on MARS Rule**

On February 23, 2011, NAR's Legal Affairs group [released guidance for members](#) who negotiate short sales and may be subject to the Federal Trade Commission's (FTC) Mortgage Assistance Relief Services (MARS) rule that took full effect on January 31, 2011. Due to tension between the MARS rule and real estate practices, NAR will meet with the FTC to discuss how obligations that exist under real estate brokerage agreements can be incorporated into and made consistent with the MARS disclosure.

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In a continued effort to urge reinterpretation or amendment of the rule, NAR is preparing a letter to the FTC Chair 1) objecting to coverage by the MARS rule at all if the main service being provided is selling a home, not providing foreclosure relief services, and 2) pointing out the impact on the hundreds of thousands of small businesses subject to this rule, not 500, as determined by the FTC. NAR has also facilitated a meeting to be held between the FTC and the California Association of REALTORS® to discuss the problems the rule creates for all real estate professionals who continue to provide assistance to struggling homeowners in negotiating short sales with servicers on the sale of the home.

#### **iv. QRM Exemption from Dodd-Frank Act Requirement**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) requires lenders that securitize mortgage loans to retain 5% of the credit risk unless the mortgage is a qualified residential mortgage (QRM) or is otherwise exempt (for example, FHA mortgages are exempt). To assure availability of mortgage credit for most homebuyers, NAR wants federal regulators to honor Congressional intent by crafting a QRM exemption that includes a wide variety of traditionally safe, well underwritten products. Seven federal agencies are negotiating a proposed rule to implement the requirement. During this pre-proposed rule stage, NAR is meeting with federal agencies, lenders, and consumer groups about the importance of a reasonable QRM definition. For more details, check out [NAR's Regulatory Issue Brief](#) that will be updated periodically.

#### **v. NAR Discusses Dodd-Frank Regulations with Government Accountability Office**

On Thursday, March 10, 2011, NAR met with staff of the Government Accountability Office (GAO) to discuss key provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act. NAR re-emphasized concerns regarding the potential for too narrow regulations on the Qualified Residential Mortgage (QRM) that would reduce consumer access to affordable mortgages and severely impact the housing and economic recovery. A too narrow QRM would expose many mortgages to a 5% risk retention requirement that would increase the costs of those mortgages for consumers. Some agencies involved in the rule-making have suggested that QRM eligible loans require a 20% downpayment. NAR strongly opposes this position and has repeatedly expressed this opinion to the agencies and Congress.

NAR also offered its thoughts on the positive value of housing counseling for first-time homebuyers and elements of the Qualified Mortgage (QM) including the unfair treatment of real estate affiliated companies under the predatory lending safe harbor. NAR will continue to work with GAO, Congress, and other federal agencies to ensure that consumers have access to affordable mortgage credit.

#### **vi. Bill to Encourage Increased Mortgage Liquidity**

On March 8, 2011, Rep Garrett (R-NJ) and Rep Maloney (D-NY) introduced HR 940, the "United States Covered Bond Act of 2011". This bill would provide for the development of a covered bond market in the United States. Similar to mortgage-based securities (MBSs), covered bonds are securities backed by loans. In the case of covered bonds, however, lenders must hold the loans on their balance sheets and, therefore, have an incentive to make sure they are well underwritten. Covered bonds have long been used in other countries to increase liquidity and strengthen financial markets.

While covered bonds will not replace residential or commercial MBS as the primary generator of liquidity for the U.S. real estate market, NAR supports this legislation as a means to provide an additional tool to increase mortgage liquidity. NAR believes that this tool can offer increased liquidity and safety in commercial, multifamily, and residential real estate lending.

The House Financial Services Capital Markets Subcommittee held a hearing on this issue on March 11, 2011, and NAR provided a letter of support. Similar legislation passed the House Financial Services Committee last year

## **vii. House Repeals Reporting Rules**

The House of Representatives has passed legislation that would repeal the small business 1099 reporting requirements that were enacted as part of the Health Care reform and the landlord reporting requirements enacted in 2010 as part of a Small Business bill. The measure passed on a strong bipartisan vote of 314 - 112. The Senate has passed legislation that would repeal the small business provision, but not the landlord provision. [NAR continues its efforts](#) in support of the repeal of both provisions.

## **viii. FHA Increases Monthly Premium**

On February 14, 2011, FHA published a [mortgagee letter](#) increasing the annual premium by .25% effective for all case numbers assigned on or After April 18, 2011. This is the third such increase in a year. FHA argues it was necessary to restore their financial reserves (which remain under the required 2%). NAR opposes the increase which will cost the average buyer an additional \$30 per month. Existing borrowers are not impacted. The upfront MIP will remain unchanged at 1.0 percent.

## **ix. President Submits FY2012 Budget; House Republicans Propose FY2011 Spending Cuts**

On February 14, 2011, President Obama released his proposed Budget for FY 2012. The Budget includes cuts aimed at reducing the deficit, but does not project a balanced Budget even as far out as 2020. As is always the case, the President's Budget is the starting point for the work of Congress and will be changed extensively during that process. The [attached summary](#) highlights items of particular interest to the real estate industry.

On February 11, 2011, Republican House leadership unveiled the text of their proposed Continuing Resolution for the remainder of FY 2011. H.R. 1 would reduce federal spending by \$100 billion. A Continuing Resolution is the mechanism Congress uses to fund the federal government when the annual appropriations process has been delayed or broken down. The [attached summary](#) highlights items of particular interest to the real estate industry.

## **x. Obama Budget Would Weaken MID**

The Obama Administration has released its Fiscal Year 2012 budget proposals. The document includes the same MID limitation that was part of the Administration's FY 2010 and FY 2011 budgets. That proposal would limit the value of the MID for upper income taxpayers. For 2011, the value of the deduction for those in the 30% and 35% brackets would be limited to 28%. After 2012, the value of the deduction would be limited to the 28% bracket for those in the 33% and 39.6% brackets.

The Administration notes that if this proposal would be adopted, the value of the MID and all other itemized deductions would be the same as it was following the Tax Reform Act of 1986 the amounts noted above. Links are provided for a Q&A on the tax and to a brochure with examples of the tax.

## **xi. NAR Home Ownership Bus Tour Launches**

At the beginning of March, the NAR Leadership team kicked off a three-city bus tour to promote the benefits of home ownership. Each stop on the tour, part of the Home Ownership Matters campaign, will include two events designed to engage REALTORS® and consumers on key issues.

On March 5, 2011 the bus made its inaugural stop in Chicago at the Chicago Flower & Garden Show. Chicagoans had an opportunity to speak with NAR leaders and invited local officials about the housing issues that matter to them, as well as learn about how public policy developments in Washington could affect their ability to buy, sell and own a home.

Other major stops on the tour include Denver on March 19 and Portland, Ore., on March 26, with additional stops in cities along the way. Ongoing news and information for the tour will be posted on HouseLogic at [www.houselogic.com/bus](http://www.houselogic.com/bus). HouseLogic is a free source of information from NAR that helps home owners maintain and enhance the value of their homes and engage in issues that affect their local communities.

## xii. **SentriLock Brings the Power of the SentriCard® to its Customers**

SentriLock, the number-one rated provider of electronic lockbox systems to the real estate industry, is proud to announce new tools designed to enhance their SentriCard®, a lockbox key that does more. In addition to secure and simple lockbox access, REALTORS® can now use their SentriCard® to track open house attendance, automatically solicit feedback for open houses and collect a list of attendees, all at no additional cost. You can also use your SentriCard® as a secure Membership PhotoID, and much more! SentriLock is the official lockbox solution for NAR and a proud partner in the REALTOR Benefits® Program. For more information about SentriLock, visit [http://www.realtor.org/realtor\\_benefits/benefits\\_partners/sentrilock\\_llcSL0003](http://www.realtor.org/realtor_benefits/benefits_partners/sentrilock_llcSL0003) or call 877-736-8745.

## UPCOMING DATA RELEASES

**Monday, March 21**

**February Existing-Home Sales**

**Monday, March 28**

**Pending Home Sales Index**

**Wednesday, April 20**

**March Existing-Home Sales**

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