



REALTORS® COMMERCIAL ALLIANCE (RCA) — The commercial division of NAR



NAR – Mid-Year Legislative/Regulatory Meeting Recap – The Commercial Issues

With unprecedented economic conditions severely challenging Realtors® throughout the country, NAR held a special daylong **Real Estate Summit** at its Mid-Year Legislative/Regulatory Meeting in Washington D.C. Members heard comments and asked questions of numerous knowledgeable experts on the economy, politics, real estate, government agencies and the financial markets.

The first day started with a lively discussion between Former Representative Harold Ford, Jr. (D-Tenn.) and political commentator Patrick Buchanan discussing the de-regulated financial markets. Other panels featured Dr. Robert Reich, former U.S. Secretary of Labor; Shaun Donovan, U.S. Secretary of Housing and Urban Development and Dr. Alan Greenspan, Former Chairman of the Federal Reserve Board. Highlights can be viewed at Mid-Year Meeting 2009 on REALTOR.org: type <http://tinyurl.com/qbqq6n> into your browser.

Jim Helsel, NAR Treasurer was part of the panel on *Financing Real Estate and How to Restore Credit*. He drew applause when he said that short sales and their procedures are horrible for our members. “These sales should take 3 to 6 weeks, yet they are taking 4 to 5 months – completely unacceptable,” he said. To close the Summit, Sheila Bair, Chairman of the Federal Deposit Insurance Corporation summed up the banking situation, saying that there was still considerable work to do, but that the situation is better than it was last year.

The overriding commercial theme was the lack of liquidity; members from all commercial segments reported that banks were just not lending. Representatives from the U.S. Treasury attended the *Commercial Legislative/Regulatory Subcommittee* meeting. They listened attentively to Subcommittee members’ detailed testimony of the lack of funding for refinancing commercial real estate loans. NAR’s Commercial and Investment Real Estate Economic

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Stimulus Proposal may be read on REALTOR.org. Type or copy:
<http://tinyurl.com/StimProposal> into your browser to see the full proposal.

NAR is helping present issues to government officials and the inclusion of CMBSs in TARP funds was pushed by NAR. Additional expansion of asset classes may be expected further down the road. Discussion of the PPIP (Public Private Investment Program) was clarified as the program to provide \$500 billion in capital to rid books of legacy assets.

Programming for commercial practitioners continues to build at NAR's national meetings. NAR Chief Economist, Dr. Lawrence Yun presented *Economic Issues and Commercial Business Trends* with panelist Robert Davis of the American Bankers Association. Yun said only the auto industry has been harder hit economically than commercial real estate. He said while residential is beginning to come back, commercial is just in the "third inning." While very depressed, he said commercial is not as bad as the downturn of the 1990's because there is not as much over-building. Banks have been in survival mode and reluctant to make commercial loans because of indeterminate values and no backing for loans. The announcement of FASB's intention to purchase CMBSs will help, but with loan defaults approaching 6% vs. 1% in 2007, one can understand how we got here.

Other highlights and popular sessions during the week-long conference included a trainer course for the first NAR Green Designation for Commercial Practitioners, a well-attended meeting on Land Use, numerous Hill Visits and the annual Property Management Forum.

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