

Submitted By Dave Somers
Somers & Associates, Fairbanks

Your leadership met in Washington D.C. in May for the dual purpose of lobbying your elected officials and to conduct the business of the National Association of Realtors. While many areas of concerns of the citizens are thoroughly overshadowed by the current economic crisis and the debilitating national debt, our concerns as an industry are being addressed, as Washington understands that without a recovery in the housing industry we will not have an overall economic recovery. Even with that understanding, there are multiple attacks on our industry that can do incredible damage. Some attacks come from over reaction to the failure of the secondary market to police itself, some from political grand standing and some from truly concerned leaders that just don't realize the downside of their actions. We, as an Association, have never been under so much pressure from so many issues, any one of which could force the housing industry into a deeper hole than it is currently trying to climb out of.

There is a senate bill that calls for the closure of Fannie Mae and Freddie Mac. This bill does not offer an alternative. While NAR supports major restructuring of the GSEs, closure without a replacement for their secondary mortgage market mission must not be happen. With true privatization of the secondary mortgage market we will see the elimination of the 30 year mortgage. Whatever the restructuring brings, there must be a continued key role by the federal government in the secondary market in order to ensure that there is capital for mortgage lending in all mortgage markets under all market conditions. This same bill also mandates a return to the old statutory loan limits. This action will reduce loan limits in 619 counties and 41 states as well as the District of Columbia. The average loan limit reduction would be \$58,000.00.

Financial regulators are attempting to use a narrow definition of Qualified Residential Mortgage (QRM) to increase the amount of a down payment. If they get their way, the new minimum down payment will be 20%. Keep in mind that this is not Congress acting, this is another case of a federal official twisting a current law's definition around in order to mandate what they feel is best. The message we are sending is that this re-defining of QRM is way off base. We are also trying to present the fact that weak underwriting and toxic mortgages are the main cause of mortgage defaults, not well underwritten mortgages with affordable down payments. The average home buyer purchasing a median priced home, nationally at \$158,000.00, would need to save for 14 years in order to make their purchase under the proposed rules.

Before I move on, I want you to just try to imagine surviving in your chosen profession with 20% down payments and utilizing 15 year loans or shorter. Could you??

We are also asking our elected officials to sign House Resolution 25 that mandates no change to the tax code to mortgage interest deduction. While there have been attacks on this important tax benefit in the

past, this year we are at risk more than ever. Many of us want to see true tax reform, but not at the risk of further damage to our housing market. It is estimated that the loss of MID would result in a decline of another 15% in some markets. Representative Don Young has signed this resolution.

We are also in support of legislation that mandates a response to a short sale request by mortgage servicers within 45 days of a complete submission. It is without question that if the servicers would respond in a timely manner, the Realtors out there in the trenches would be able to sell the inventory, thereby avoiding foreclosures, supporting market values and saving an incredible amount of money for the secondary market providers and the federal government.

The following are actions taken by the Board of Directors at their meeting on May 14, 2011.

Once a year, 2 Realtors are chosen for the Distinguished Service Award. The award was designed specifically for a member who has been in many leadership positions, has served the membership for at least 25 years, and who is fully qualified and able to serve as NAR President but has not done so. Being an NAR President and a DSA are the two highest honors we can bestow on a fellow member. PeggyAnn McConnochie was a recipient this year, along with her friend and an educator known to Alaskans, Adorna Carroll. We are very proud of PeggyAnn and it was a real pleasure to share the moment with her when the announcement was made at the Director's meeting. I should add here that it is rare to have someone as young as Peggy Ann to be awarded the DSA.

The Directors approved a dues increase of \$40.00 to fund the Realtor Party Political Survival Initiative. This was a controversial move that brought heated debate in the halls over the concern of raising dues when some areas of our industry are in such dire conditions. In the end, a majority of those voting felt it was vital to our industry to fund the project. The initiative will allow NAR to provide millions of dollars of additional support to state and local boards, many of whom are facing a myriad of issues that are restricting private property rights and taking money out of the pockets of homeowners.

There was a motion from the Multiple Listing Issues and Policy Committee that would have suspended the amendments made in November of 2010 that authorized the display of IDX information by real estate franchise organizations. Many members have grown increasingly concerned about non-participants having access to and the use of their listing data. There are also concerns over compliance with state law in some states. This was the most debated topic on our agenda. There was a motion from the floor to repeal the entire section in question. The repeal of this previous action required a 2/3 vote. 371 directors voted in favor of the motion to repeal and 269 voted against it. So while a majority voted to repeal, it failed to pass. I am sure that we will hear more on this in November. One action that did succeed was a change that a broker needs to opt in if he wants to participate in this. The new rule will take effect 30 days after the vote.

You will see changes in the name of the RPAC Major Donor Council by dropping "Donor" in favor of "Investor" to more properly reflect the action being taken. Every time a dollar is given to RPAC, the member is truly investing in their business. RPAC has received more than \$3,000,000.00 this year and is at 63% of goal. 11 states have already met their goal and Alaska is one of them. There are over 1500 major investors (over \$1000.00) and 500 President's Circle investors (\$1000 + \$2000) to date.

The Realtors Political Involvement Committee reports that our average response rate to Call for Actions is at 11.4 %, short of our goal of 15%. Alaska is to be commended for exceeding the goal and being one of only 7 states that exceeded 20%. We can all still do better. The grassroots participation is what moves everything in our favor. Please remember to respond to the CFA's. All you have to do is click twice and submit. If you are a broker and you have still not signed up for the Broker Involvement Program, please do so as soon as possible. Our latest statistics show that 44% of those members responding to a call for action came from members in the Broker Involvement Program. It works.

The Legal Action Committee asked for funding and received it in 3 cases. Two cases involved allegations of RESPA violations when offices charge administrative fees and one case involves the Sherman Antitrust Act.

The Directors passed a motion from the Professional Standards Committee giving association's discretionary authority to require their members to mediate otherwise-arbitral disputes. They also passed changes to the Grievance process providing guidance to hearing panels in circumstances where, after an ethics complaint has been forwarded for a hearing; it comes to light that the underlying transaction or event is also the basis for civil litigation, administrative or regulatory proceedings or criminal litigation. These changes are lengthy and should be reviewed.

There were many other actions taken and updates given. If you have questions about areas of concern that were not covered here, please feel free to contact me at dsomers@alaska.net, or look the information up at Realtor.org.