

NATIONAL ASSOCIATION OF REALTORS®

Commercial Real Estate Advocacy Timeline

Updated March 7, 2013

January 15, 2013

Justices Hear Oral Arguments in Property Rights Case

The U.S. Supreme Court heard oral arguments in *Koontz v. St. Johns River Water Management District*. This case addresses a Florida landowner's claim that he is owed compensation by a land-use agency after it declined to issue permits for a wetlands area he wanted to develop because he wouldn't agree to certain conditions. The case raises major questions about the right of government to impose conditions in return for permit approval. It hinges in part on whether Supreme Court precedents limiting the ability of government entities to place conditions on landowners in exchange for permits applies to "money, services, labor or any other type of personal property." The court is also weighing whether a constitutional violation occurs even when no permit is actually issued. It is not clear how the court will rule, although the decision could rest on whether a majority of justices conclude that a taking, subject to compensation under the takings clause of the Fifth Amendment, even occurred.

NAR signed on to an Amicus Brief with several other regulated stakeholder groups. The focus of the Amicus Brief was to further elaborate on the property rights implications of the case and describe how real estate development and related activities are adversely affected by these types of situations. A decision in the case is expected in the Spring.

January 4, 2013

Congress Approves Loan for Superstorm Sandy Flooding

Congress approved nearly a \$10 Billion increase in the Nation Flood Insurance Program's borrowing authority for Superstorm Sandy (HR 41). This is a temporary measure necessary to ensure the continued payment of claims for the resulting flood damage, and does not affect either the purchase of flood insurance or premium rates.

January 2, 2013

Real Estate Provisions in "Fiscal Cliff" Law

On January 1 both the Senate and House passed H.R. 8, legislation to avert the "fiscal cliff." The bill has been signed into law by the President. The measure permanently extends current income tax and capital gains rates for all taxpayers with taxable income up to \$400,000 for individuals and \$450,000 for couples. However, the law raises the top capital gains and dividend rate to 20% for taxable income exceeding \$450,000 for couples and \$400,000 for individuals. The bill also included several real estate provisions:

- **Carried interest** will continue to track the capital gains rate.
- **Estate tax:** The current \$5 million per-person estate tax exemption remains (with the \$5 million indexed for inflation), but the rate is increased to 40% from the current 35%.
- **Bonus depreciation:** This provision extends the current 50% expensing provision for qualifying property purchased and placed in service before January 1, 2014.
- **15-year straight-line cost recovery for qualified leasehold improvements** on commercial properties is extended through 2013 and made retroactive to cover 2012.
- **7-year recovery period for motorsports racetrack property:** The law extends for two years, through 2013, the special seven year cost recovery period for property used for land improvements and support facilities at motorsports entertainment complexes.
- **Alternative Minimum Tax (AMT)** is patched permanently.

**December 6,
2012**

NAR Urges Passage of the Small Business Lending Enhancement Act of 2012 and the Responsible Homeowner Refinancing Act of 2012

NAR, in coalition with the National Association of Home Builders, sent a letter to the United States Senate urging swift passage of S. 2231, the “Small Business Lending Enhancement Act of 2012,” sponsored by Senator Udall (D-CO) and S. 3522, the “Responsible Homeowner Refinancing Act of 2012,” introduced by Senators Menendez (D-NJ) and Boxer (D-CA). S. 2231 increases the cap on member business lending (MBL) from 12.25% to 27.5% of total assets for well-capitalized credit unions, and will create a new source of capital to refinance commercial loans. S. 3522 offers relief to homeowners who continue to meet their mortgage obligation during this economic downturn. NAR believes enactment of both pieces of legislation is vital to the recovery of the fragile commercial and residential real estate markets.

NAR will continue to urge the swift passage of both pieces of legislation.

**December 3,
2012**

NAR Supports the Commercial Building Modernization Act

NAR in coalition with other industry partners, sent a letter to the Senate Committee on Finance and the Senate Committee on Energy & Natural Resources in support of S. 3591, the Commercial Building Modernization Act (CBMA). This act, introduced by Senators Snowe (R-ME), Bingaman (D-NM), Feinstein (D-CA) and Cardin (D-MD), extends and enhances the tax deduction for energy efficient commercial and multifamily buildings at Section 179D of the Internal Revenue Code. Specifically, the CBMA improves Section 179D’s effectiveness in promoting energy efficiency retrofits by: measuring energy savings and improvements by reference to the existing building’s own consumption baseline; linking the amount of the enhanced 179D deduction to energy savings achieved; and making the tax incentive useable for a broader range of real estate owners and other stakeholders.

The Senate Finance Committee, Subcommittee on Energy, Natural Resources, and Infrastructure, is scheduled to hold a hearing on “Incentives to Promote Energy,” which will address 179D, on Wednesday, December 12. Unless Congress takes action, the 179D deduction is scheduled to expire at the end of 2013. NAR will continue to support passage of the CBMA.

**November 29,
2012**

House of Representatives Holds a Joint Hearing on Basel III Capital Standards

The U.S. House Subcommittee on Financial Institutions and Consumer Credit and the House Subcommittee on Insurance, Housing and Community Opportunity held a joint subcommittee hearing on “Examining the Impact of the Proposed Rules to Implement Basel III Capital Standards.” NAR supports strong capital requirements for the global banking system, but has concerns that the proposed Basel III capital rules will have a detrimental effect on the accessibility and affordability of residential and commercial mortgage credit due to the disproportionate risk treatment of mortgages. In a letter to both subcommittees prior to the hearing, NAR recommended that the proposed regulations be modified so they more accurately correlate the actual risk characteristic of mortgages with the proposed risk weights.

Basel III capital standards are expected to be implemented beginning in 2013 through 2018. NAR will continue to engage with Congress to push for regulations that will not dramatically increase the cost of residential and commercial mortgage lending.

October 22, 2012

NAR Submits Basel III Comments

NAR filed individual and joint comments on proposed banking capital standards and risk weighting proposals as part of the Basel III rulemaking by the Federal Reserve, OCC, and FDIC. Basel III refers to an international agreement that updates capital and liquidity requirements for banks. The regulations are being put into place to improve the stability of the global banking system, but will likely have a significant effect on the availability and cost of residential and commercial mortgage capital.

NAR expressed concerns that the Basel III proposal will impose harsh new capital requirements on residential and commercial mortgages, whether held in portfolio or sold into a private label securitization. As a result, the proposal has the potential to harm home purchasers, particularly first-time home buyers, minorities, and other disadvantaged groups. NAR also urged regulators to consider the entire regulatory and market framework affecting the industry (QM, QRM, Gfee increases, etc.) when promulgating regulations.

**September 28,
2012**

EB-5 Visa Bill Signed into Law

President Obama signed into law S. 3245, sponsored by Senators Leahy (D-VT) and Grassley (R-IA), which reauthorizes the EB-5 regional center program. This NAR-supported bill had previously passed the Senate and House. Regional Centers help identify American business needs in the community and help direct investor funds to those projects. In return for investing and creating American jobs, these investors earn visas to live in the United States. Regional Centers began as a pilot program in 1992, but have been extended several times. Authority for these centers was set to expire on September 30, 2012. The new law will extend them for an additional 3 years.

**September 11,
2012**

NAR Testifies on Terrorism Insurance Coverage

Linda St. Peter, Operations Manager for Prudential Connecticut Realty in Wallingford, CT, testified on behalf of NAR at the House Financial Services Subcommittee on Insurance, Housing, and Community Opportunity hearing on “TRIA at Ten Years: The Future of the Terrorism Risk Insurance Program.” In her testimony, Ms. St. Peter urged Congress to extend the Terrorism Risk Insurance Act (TRIA) beyond its current December 2014 authorization to ensure that adequate insurance coverage is available for our nation’s businesses.

Following the Sept. 11 attacks private insurers backed out of the terrorism insurance marketplace prompting Congress to enact TRIA in 2002, a federal insurance backstop that allows the federal government and private insurance companies to share losses in the event of a major terrorist attack. The program has since been reauthorized by Congress twice – in 2005 and 2007. TRIA helped stabilize commercial real estate markets by making terrorism coverage available and more affordable over time.

**September 10,
2012**

NAR Signs onto Lease Accounting Coalition Letter

NAR and a coalition of business organizations wrote to the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB), urging them to fundamentally rethink their lease accounting project. Among other things, the letter raised serious concerns about the objective of the lease accounting project and whether investors will receive any additional decision-useful information under the new proposed standard.

Under the boards’ most recent lease proposal, businesses would be required to capitalize over \$1.1 trillion in leased real estate assets onto their balance sheets. For businesses leasing space, especially small businesses, this will change these leases into a major liability. Among other things, this proposal may jeopardize income property fundamentals, loan structures, property valuations, financing covenants, and the underlying economics of commercial real estate.

September 2012

EPA Delays Proposed Lead Paint Rulemaking for Three Years

EPA has further delayed its plans to propose and then finalize a Lead Renovation Repair and Painting (LRRP) rule for potential lead-based paint hazards in commercial and public buildings.

NAR's efforts thus far, through letters to EPA and oversight from the Hill, have resulted in a significant delay in EPA's issuance of new regulations -- particularly because NAR has stressed the point that the agency lacks data on the nature and extent of lead-based paint hazards unique to commercial buildings. EPA had been under a deadline to issue a proposed LRRP rule for exterior commercial renovations by June 15, 2012. With a new settlement agreement, EPA has delayed issuance of a proposed LRRP commercial by nearly 3 years – until July 1,

2015. And, any final rule with regulatory impact is not expected for well over 4 years – until December 31, 2016.

August 14, 2012 **Coalition Urges Passage of Foreign Investment Bill**
NAR championed a coalition letter to House Leadership and the House Judiciary Committee urging support for Senate legislation reauthorizing the EB-5 regional center program. In August, the Senate passed S. 3245, sponsored by Senators Leahy (D-VT) and Grassley (R-IA), which reauthorizes the EB-5 regional center program. Regional Centers help identify American business needs in the community and help direct investor funds to those projects. In return for investing and creating American jobs, these investors earn visas to live in the United States. Regional Centers began as a pilot program in 1992, but have been extended several times. Current authority is set to expire on September 30, 2012. S. 3245 will extend them for an additional 3 years.

August 2, 2012 **Senate passes Foreign Investment Bill**
The Senate passed S. 3245, sponsored by Senators Leahy (D-VT) and Grassley (R-IA), reauthorizing the EB-5 regional center program for three years. EB-5 regional centers allow foreign investors channel investment funds into American businesses and developments. Regional Centers, approved by the U.S. Citizenship and Immigration Service, identify businesses and development opportunities that meet the community's needs. In return for investing and creating American jobs, these investors earn visas to live in the United States. Regional Centers were created in 1992, but have existed as a pilot program since then. The program was set to expire on September 30, 2012. NAR's advocacy efforts will now turn to the House, which still must consider the measure.

July 26, 2012 **NAR Submits Comments on Basel III**
A coalition of organizations, including NAR, submitted comments to regulators regarding the proposed Basel III capital rules. The letter asks regulators to extend the comment period from 90 to 150 days and requests them to study Basel III's potential impact on real estate. Comments on the proposed rules are currently due by September 7, 2012.

On June 12, 2012, the Federal Reserve, OCC and FDIC proposed regulations implementing the Basel III capital accords. Basel III is an international agreement that updates capital and liquidity requirements for banks and other financial institutions. These regulations will likely impact the ability of businesses to raise capital and increase their costs of borrowing.

July 2012 **EPA Pushes Back Deadline for lead paint Proposed Rulemaking**
Under a settlement agreement between the EPA and various public interest groups, the EPA is required to develop regulations that establish lead safe work practices for renovation, repair and painting (RRP) activities for commercial and public buildings. Under the original agreement, a proposed (RRP) rule for the exterior of commercial and public buildings was due on December 15, 2011. This date has been pushed back twice so far, most recently to September 15, 2012. A final rule is due on July 15, 2013, although the delays in issuing the proposed rule will no doubt delay promulgation of the final rule. NAR will comment on the proposed rule whenever it is issued and express our concerns regarding the lack of data related to lead paint hazards that commercial buildings pose to children during RRP activities.

June 29, 2012 **Congress Extends Flood Insurance for 5 Years**
The Senate and House passed the Flood Insurance Reform Act as a part of H.R. 4348, the Surface Transportation Conference Report. The President will sign the measure within a few days. This is the culmination of a successful multi-year REALTOR campaign and a final push at NAR's Midyear Legislative Rally and Meetings in May 2012. It would not have been possible without the leadership of Reps. Biggert, Waters, Bachus and Frank, as well as Sens. Johnson, Shelby, Tester and Vitter. Since 2008, Congress had been extending the National Flood Insurance Program a few months at a time. Twice this led to shut downs, including one that

stalled more than 40,000 home sales in June 2010 alone. Passage of this 5-year reauthorization will bring certainty to real estate transactions in more than 21,000 communities nationwide where flood insurance is required for a mortgage. The bill ensures the program will continue long-term for more than 5.6 million business- and homeowners who rely on it, achieves one of NAR's top priorities for the year, and means taxpayers will spend less on federal assistance for flood disasters over the long run.

June 19, 2012 **Lawmakers Raise Concerns on PCCRA & QRM**

Twelve members of Congress, led by Sens. Hagan (D-NC) and Crapo (R-ID), issued a letter expressing concern to six banking agencies regarding their proposed risk retention regulations. One of the proposed rules would require securitizers to set aside the profits from sales of securities in a "premium capture cash reserve account" (PCCRA). Specifically, the lawmakers raised concerns that this provision would greatly reduce the securitization market for many asset classes, thereby reducing a vital source of capital for the commercial real estate industry.

The letter also voiced disappointment over the agencies' rigid Qualified Residential Mortgage (QRM) proposal, which would require lenders that securitize mortgage loans to retain five percent credit risk in the security if the mortgages have less than an eighty percent loan-to-value ratio. In most instances, this would require a twenty percent down payment from the borrowers. These restrictions would increase consumer costs and reduce access to affordable credit.

Given the potential negative economic consequences on commercial and residential real estate credit markets, lawmakers urged the banking agencies to reconsider the PCCRA and QRM proposals.

June 11, 2012 **NAR Supports U.S. REIT Act**

A coalition of real estate organizations, including NAR, wrote to Reps. Tiberi (R-OH) and Neal (D-MA) thanking them for introducing H.R. 5746, the Update and Streamline REIT Act (U.S. REIT Act). This legislation would make a number of narrowly targeted, but important, changes to the tax rules applicable to Real Estate Investment Trusts (REITs). These changes will enable them to operate effectively, keep up with market changes, and remain consistent with the decades-old Congressional goal of making professionally managed, income-producing real estate available to investors from all walks of life.

May 17, 2012 **Congress Raises Concern About Lease Accounting Proposal**

Reps. Sherman (D-CA) and Campbell (R-CA) sent a bipartisan letter signed by 60 lawmakers to the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB), urging the accounting standard setters to conduct a comprehensive economic analysis of its recent lease accounting proposal before making a final rule.

FASB and IASB will likely be ready to vote on a method to account for real estate leases in June 2012, along with expectations of finalizing their lease accounting overhaul by the end of this year.

April 25, 2012 **NAR Signs Onto Lease Coalition Letter**

A coalition of real estate and other business organizations (including NAR) wrote to the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) reaffirming their calls for an economic impact study, extensive field testing, and full re-exposure of the entire lease accounting proposal — with the goal of creating a standard that will meet the tests of the marketplace and fulfill the needs of all stakeholders.

Under the boards' proposal, U.S. companies that lease commercial space would be required to capitalize the costs of that lease — similar to as if they purchased the property — instead of

recognizing the true costs of the lease transaction. It is estimated that under current terms, businesses would be required to capitalize over \$1.1 trillion in leased real estate assets onto their balance sheets. For businesses leasing space, especially small businesses, this will change these leases into a major liability.

March 28, 2012 Lease Accounting Proposal Gains Congressional Attention

The U.S. House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises held a hearing on “Accounting and Auditing Oversight: Pending Proposals and Emerging Issues Confronting Regulators, Standard Setters and the Economy.” While the hearing was primarily focused on mandatory rotation or “term limits” for audit firms, Rep. Schweikert (R-AZ) raised several questions and concerns regarding the unintended negative economic impact of the Financial Accounting Standards Board’s (FASB) lease accounting proposal. Under this proposal, all real estate tenants would be required to capitalize the costs of their lease – similar to as if they purchased the property with financing – instead of recognizing the true costs of the lease transaction. Among other things, this proposal may jeopardize income property fundamentals, loan structures, property valuations, financing covenants, and the underlying economics of commercial real estate.

The FASB Chairman, Leslie Seidman, acknowledged some concerns amongst the business community with the current lease proposal. Furthermore, she told the Subcommittee that the FASB is still working through comments letters and plans to “re-expose” or reintroduce their lease proposal, but did not give a specific timeline.

March 26, 2012 Lawmakers Raise Concerns on PCCRA

Reps. Bachus (R-AL) and Garrett (R-NJ) issued a letter expressing concern to six banking agencies regarding their risk retention proposal, which contained a requirement that securitizers set aside the profits from sales of securities in a “premium capture cash reserve accounts” (PCCRA). Specifically, the two lawmakers raised concerns that this provision would greatly reduce the securitization market for many asset classes, thereby reducing a vital source of capital for the commercial real estate industry. Given this potential negative economic consequence, the letter asked the banking agencies to provide Congress with a cost-benefit analysis of their PCCRA proposed rule.

March 14, 2012 NAR signed onto two coalition letters, urging Senate Majority Leader Reid and Republican Leader McConnell to expand the Senate jobs legislation to include provisions aimed to enhance the flow of credit to the small business and commercial real estate sectors.

In one letter, NAR requested the Senate leaders to include S. 1835, the “U.S. Covered Bond Act,” sponsored by Sens. Hagan (D-NC) and Corker (R-TN), in the Senate jobs bill. The inclusion of this legislation could provide an additional new source of capital to commercial property owners by creating a statutory framework for a U.S. covered bond market. Already successfully used in Europe and Canada, covered bonds allow banks to raise funds by issuing pools of high quality assets as eligible collateral to investors, enabling these financial institutions to extend vital credit to businesses.

In the other letter, NAR urged Senate leadership to also include S. 509, the “Small Business Lending Enhancement Act,” introduced by Sens. Udall (D-CO) and Snowe (R-ME), as a separate amendment in the Senate jobs legislation. S. 509 will increase the cap on credit union member business lending (MBL) from 12.25% to 27.5% for well-capitalized credit unions, allowing these community-based institutions to provide small businesses with much needed capital to remain competitive and refinance their properties in a safe and sound manner.

February 16,
2012

Proposed Lease Accounting Standards will be Costly

A coalition of several leading nonprofit and commercial real estate organizations, including NAR, released a report that examines the economic impact of the International Accounting Standards Board (IASB) and Financial Accounting Standards Board's proposed lease accounting standard. The study specifically looks at how the proposed standard would negatively impact job creation, the health of the U.S. commercial real estate sector, and liabilities of U.S. publicly traded companies.

The report analyzes the current proposal and under a best case scenario estimated its economic impacts as: (1) increasing liabilities for U.S. public companies by \$1.5 trillion; (2) increasing costs to U.S. public companies by \$10.2 billion annually; (3) potentially leading to job losses of over 190,000; (4) reducing U.S. household earnings by \$7.8 billion annually; and (5) lowering U.S. GDP by \$27.5 billion each year.

The coalition is calling on the accounting boards to conduct a comprehensive examination of the costs and benefits of their lease proposal. A failure to fully understand the economic ramifications of these accounting changes or to address these issues may harm businesses that own, invest, or rent commercial real estate.

February 1, 2012 NAR Supports Internet Sales Tax Fairness

NAR along with dozens of other organizations sent a letter to the Senate Finance Committee as well as a letter to the Chairman of the Committee (Sen. Baucus, D-MT) asking for support of S.1832, the Marketplace Fairness Act. The bill would level the playing field between brick-and-mortar and e-commerce retail businesses while assisting the states in collecting approximately \$23 billion in uncollected state sales taxes that are currently due on Internet and other remote sales.

The inability of state governments to collect taxes on items sold from Internet retailers acts as a subsidy to online retailers. Traditional brick-and-mortar businesses are hurt by this un-level playing field since in-store purchases are subject to sales taxes that increase the ultimate cost of goods to customers.

January 31, 2012 NAR Supports Loan Flexibility Legislation

NAR sent a letter to the House Financial Services Subcommittee on Financial Institutions and Consumer Credit urging them to approve H.R. 3461, the "Financial Institutions Examination Fairness and Reform Act," introduced by Representative Capito (R-WV). The bill directs federal banking agencies to not place a commercial real estate loan in non-accrual status solely because the collateral for such loan has deteriorated in value. This common sense flexibility will create more options for handling maturing commercial real estate loans, such as term extensions, modifications, and workouts. Currently, unfair regulatory scrutiny is preventing many commercial lenders from taking actions that could avoid defaults, even for performing properties.

NAR supports allowing commercial lenders flexibility to take steps that prevent defaults, and will continue to work with Congress to promote H.R. 3461 and other steps that might help ensure the commercial real estate market does not hamper our nation's economic recovery.

- December 17, 2011** **Congress Extends Flood Insurance until May 31, 2012**
- Congress extended National Flood Insurance Program (NFIP) authority through May 31, 2012. This latest extension was a part of H.R. 2055, the so-called megabus conference report combining the remaining nine appropriations bills to fund the federal government for FY2012. NAR is urging Congress to use the additional time to complete work on a 5-year NFIP re-authorization bill (H.R. 1309) to provide certainty and avoid further disruption to real estate markets.
- November 30, 2011** **NAR Signs onto Accounting Coalition Letter**
- NAR lent its voice to that of other real estate-focused organizations requesting an extension of the comment period for three proposed accounting rule changes promulgated by the Federal Accounting Standards Board (FASB). In particular, NAR and its partners would like more time to deal with the complexity of the proposals, the cross-cutting issues resulting from the combination of the three proposals, the effects on other FASB proposals, and the impact on international standardization efforts. Extension of the comment period would help ensure that NAR's comments are comprehensive and well-considered.
- FASB granted an extension for all of the three accounting rule Exposure Drafts to February 15, 2012.
- November 23, 2011** **NAR and Other Organizations Support Bill to Level Playing Field for Community Businesses**
- NAR and a number of other organizations sent a letter thanking Senators Mike Enzi (R-WY), Dick Durbin (D-IL), and Lamar Alexander (R-TN) for introducing S. 1832, the Marketplace Fairness Act. The bill would help states and local governments collect much-needed revenue and level the playing field for community-based businesses by allowing states to enforce sales taxes on goods sold to their citizens from out of state. By putting catalogues and online retailers on an even playing field with local brick-and-mortar businesses, the bill will protect local jobs, promote community investment, and maintain local access to essential goods and services.
- November 17, 2011** **Congress Re-extends Flood Insurance**
- Congress extended National Flood Insurance Program (NFIP) authority through Dec. 16, 2011. The measure was a part of H.R. 2112, the so-called minibus conference report combining three annual spending bills with another stopgap funding measure for the rest of the federal government. NAR is urging Congress to use the additional time to complete work on a 5-year NFIP re-authorization bill (H.R. 1309) to provide certainty and avoid further disruption to real estate markets.
- November 16, 2011** **NAR Supports Loan Flexibility Legislation**
- NAR sent a letter to the House Financial Services Subcommittee on Financial Institutions and Consumer Credit urging them to approve H.R. 1723, the "Common Sense Economic Recovery Act of 2011," introduced by Representative Posey (R-FL). The bill would allow for regulatory flexibility that would create more options for handling maturing commercial real estate loans, such as term extensions, modifications, and workouts. Currently, regulatory scrutiny is preventing many commercial lenders from taking actions that could avoid defaults, even for performing properties. NAR supports allowing commercial lenders flexibility to take steps that prevent defaults, and will continue to work with Congress to promote H.R. 1723 and other steps that might help ensure the commercial real estate market does not hamper the already weak economy.

**November 9,
2011**

NAR Supports Covered Bonds Legislation

NAR sent a letter to the Senate Banking, Housing, and Urban Affairs Committee supporting S. 509, the “United States Covered Bond Act of 2011.” NAR believes this legislation can offer increased liquidity and safety of our commercial and residential secondary mortgage markets by creating a statutory framework for a covered bond market. NAR has consistently supported legislation that would lead to a U.S. market for covered bonds, and will continue to work with key members of Congress to move toward this goal. NAR also signed onto a coalition letter in support of S. 509.

**November 9,
2011**

Legislation Takes on Interstate Sales Tax Collections

Senator Mike Enzi (R-WY), along with a bipartisan group of nine Senators, has introduced legislation (S. 1832) that would create explicit authority for state governments to collect sales taxes on Internet sales for goods that are delivered into their states. This is sometimes referred to as the “Amazon” issue. The legislation has been referred to the U.S. Senate Finance Committee. No action has been scheduled on it; consideration is unlikely to occur before the end of the year because of the deficit reduction efforts that dominate the agenda. Similar legislation has been introduced in the U.S. House (H.R. 3179) and referred to the House Subcommittee on Courts, Commercial and Administrative Law.

**November 7,
2011**

NAR Comments on SEC Concept Release

NAR signed a letter with 12 real estate organizations regarding a request for public comment (Concept Release) from the Securities and Exchange Commission (SEC) on the treatment of asset-backed issuers as well as mortgage real estate investment trusts (REITs) and other mortgage-related pools under the Investment Company Act of 1940. NAR is concerned that the Concept Release could signal impending regulatory burdens for mortgage REITs and would inhibit the prospect of a restart of non-agency mortgage securitization and negatively impact credit capacity for real estate. While the concept release does not propose any specific rules, it states that the SEC is reviewing various interpretive issues as to how Section 3(c)(5)(C) of the Investment Company Act of 1940 is and should be applied and requests input on those issues.

October 18, 2011

NAR Comments on Carried Interest

NAR signed onto a coalition letter to the Joint Select Committee on Deficit Reduction registering the coalition’s strong opposition to modifying the current tax treatment of carried interest income and requesting that the joint committee opposes any effort to include a tax increase on carried interest in any final agreement.

October 12, 2011

NAR Supports Credit Union Lending Bill

On Wednesday, October 12, the U.S. House Financial Services Subcommittee on Financial Institutions and Consumer Credit held a hearing on credit union member business lending. NAR sent a letter in support of H.R. 1418, the Small Business Lending Enhancement Act of 2011 (Royce, R-CA), which would raise the cap on member business lending from 12.25% to 27.5% of total assets for well-capitalized credit unions. This would allow credit unions to fill in the commercial real estate financing gap, and help get capital to the struggling small businesses who occupy commercial buildings.

October 4, 2011

Congress Extends Flood Insurance Until Nov. 18

On Oct. 4, 2011, Congress extended National Flood Insurance Program (NFIP) authority as part of a broader stopgap government funding measure, the Continuing Appropriations Act (H.R. 2608). This latest extension runs through November 18, 2011. NAR is urging Congress to use the additional time to complete work on a 5-year NFIP re-authorization bill (H.R. 1309)

to provide certainty and avoid further disruption to real estate markets.

September 14, 2011 **NAR Supports Extension of Key SBA Programs**

On Wednesday, September 14, Rep. Joe Donnelly (D-IN) and Rep. Dan Boren (D-OK) introduced two bills extending important Small Business Administration (SBA) loan programs: The SBA 504 Loan Refinancing Extension Act of 2011 and the SBA Express Loan Extension Act of 2011. The SBA 504 Loan Refinancing Program allows small businesses to refinance certain owner-occupied commercial properties, while the SBA Express Program gets loans to small businesses on a timely basis. Both of these programs have been beneficial to small business owners, and NAR sent a letter thanking Reps. Donnelly and Boren for their efforts.

September 22, 2011 **NAR Comments on Commercial Asset Rating Program Request**

In a letter to the U.S. Department of Energy (DOE), NAR expressed concern over a proposed Asset Rating Program for Commercial Buildings, which would be separate from existing programs such as ENERGY STAR.

In the letter, NAR stated its concern that the proposal intends to use the real estate transaction to incorporate energy assessments and labeling of buildings. Also, NAR expressed its opposition to the concept of a point-of-sale trigger for this information, even a voluntary one. The most effective way to enhance energy efficiency in buildings is to provide the financial resources and market incentives that educate all building owners—not just those in the process of purchasing properties—about the benefits of making needed energy improvements.

The letter also cited that utilizing building energy rating systems will not lead to reductions in energy use. These kinds of systems only serve to send conflicting market signals—without any assurances that needed energy improvements will be made.

September 15, 2011 **NAR Submits Comments on Enhancing REO Disposition Strategies**

NAR President Ron Phipps submitted NAR's comments to the Federal Housing Finance Agency (FHFA, the conservator of Fannie Mae and Freddie Mac (the GSEs)), the Department of Housing and Urban Development (HUD), and the Department of the Treasury on enhancing Fannie Mae, Freddie Mac and the Federal Housing Administration's REO asset disposition strategies. Based on the input of three NAR committees, NAR asks that the agencies consider program proposals that would:

- Focus on providing mortgage financing to qualified property buyers and investors to increase the absorption rate of the current REO inventory and prevent increases to the existing REO inventory.
- Expand resources dedicated to pre-foreclosure efforts, including loan modifications and short sales.
- Continue the timely and orderly disposition of REO inventory assets, and in limited geographic areas where alternatives are needed, rely on the expertise of local businesses including contractors, real estate brokerage firms, and professional property management companies.

NAR also urged the agencies to create an advisory board made up of public and private industry participants, including real estate professionals, to ensure that the efficient disposition of agency REO properties minimizes taxpayer losses and negative effects on local real estate markets.

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**September 9,
2011**

Supreme Court to Hear Wetlands Case; NAR Will Submit Amicus Brief

The U.S. Supreme Court has agreed to review the decision of the Ninth Circuit Court of Appeals in *Sackett v. U.S. EPA*. The Sacketts own a lot in Priest Lake, ID, where they started to build a home. The EPA determined that the site contained jurisdictional wetlands under the Clean Water Act (CWA), and that the Sacketts had failed to obtain a permit in violation of the law. EPA issued an Administrative Compliance Order (ACO) preventing further construction on the site, requiring the Sacketts to restore the wetlands and threatening the Sacketts with fines.

The Sacketts did not believe that the wetlands on their site were under the jurisdiction of the CWA. The Sacketts sued the EPA, but were dismissed in District Court, and also dismissed in the Ninth Circuit Court. The Ninth Circuit accepted the government's argument that the Sacketts could have applied for a permit, and if denied, could have challenged EPA's jurisdiction under the CWA and permit denial.

The Court will address two questions: (1) whether the Sacketts may seek pre-enforcement judicial review of the EPA order under the APA; and (2) if not, whether the inability to obtain pre-enforcement judicial review of the ACO violates their rights under the Due Process Clause.

NAR is developing an Amicus Brief for this case in support of the *Sackett*, in coalition with several other regulated associations. The brief is due on October 3, 2011.

The brief will focus on three basic points. First, jurisdiction under the CWA is a fundamental and controversial concept to the law, and that the agencies have used their administrative powers to adopt broader and broader definitions of "waters of the U.S." even though the statute has remained unchanged.

Second, that assertion of jurisdiction under the CWA is final agency action under the APA and case law, because the decision marks the consummation of the agencies' decision-making, and the decision has legal and practical consequences.

Third, the brief would develop practical examples of the problems that arise in prohibiting judicial review of agencies asserting jurisdiction. The brief would show that the only way for a landowner to challenge the agencies' overbroad assertions of jurisdiction is by running the gauntlet of the costly and time-consuming permitting process he believes does not apply to his property.

The case is important because current case law limits the circumstances under which a landowner or other entity can obtain judicial review of the assertion of CWA jurisdiction by the Army Corps of Engineers or the EPA. These assertions have been held to be unreviewable because the courts have concluded that they are not final agency action or that the CWA precludes review.

**September 8,
2011**

U.S. Senate Committee Reports 5-Year Flood Insurance Bill

The U.S. Senate Banking Committee unanimously approved the "Flood Insurance Reform and Modernization Act," sending it to the full Senate for consideration. This is the Committee's response to the NFIP reform bill H.R. 1309 passed by the House earlier this year. Similar to the U.S. House bill, this one would also provide for a 5-year extension as well as premium-rate and

flood-mapping reforms that ensure the continuation of the program long term. NAR sent a letter to Congress urging 5-year reauthorization of the NFIP before Sept. 30, 2011, when the program's authority to issue flood insurance expires.

August 10, 2011 FHFA, Treasury, HUD Seek Input on Disposition of Real Estate Owned Properties

The Federal Housing Finance Agency (FHFA, the conservator of Fannie Mae and Freddie Mac (the GSEs)), the Department of Housing and Urban Development (HUD), and the Department of the Treasury announced a Request for Information to seek input on enhancing Fannie Mae, Freddie Mac and the Federal Housing Administration's REO asset disposition strategies.

The agencies have requested information on potential structures and disposition strategies to facilitate the current and future disposition of REO properties that will help stabilize neighborhoods and local home values, and improve loss recoveries compared to individual retail REO sales. The agencies have outlined specific objectives that should be addressed by any potential structure or strategy, and anticipate that the objectives will be best addressed through "REO to rental structures" and have asked for specific information on potential rental partnership options for single-family REO properties.

Several NAR committees are discussing and will be providing input on the Administration's request for information on the large scale renting of REO inventory. The feedback from the committees will provide guidance to NAR staff for a comment letter that will be based on member input. Responses are requested by September 15.

August 1, 2011 NAR Submits Comments on Risk Retention/QCRE Proposed Rule

NAR President Ron Phipps submitted NAR's comments on the proposed rule to implement the risk retention requirements of the Dodd-Frank Act. The Act requires entities that securitize mortgage loans to retain 5% of the credit risk unless the mortgage is a qualified commercial real estate (CRE) or is otherwise exempt (GSE loans (while in conservatorship) would be exempt). NAR asks the six federal regulators to withdraw, revise, and republish the rule for public comment because the rule:

- Is inconsistent with the standards set forth for risk retention in title IX of the Dodd-Frank Act and violates congressional intent.
- Unnecessarily defines the QCRE exemption from the risk retention requirements to include only a narrow slice of the mortgage market.
- Jeopardizes the fragile commercial real estate market and general economic recovery.
- Reduces liquidity and increases borrowing costs for commercial real estate.

July 21, 2011 Accounting Boards to Re-expose Lease Proposal

The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) announced that they would re-expose proposed new lease accounting rules for public comment. NAR was among the many organizations that called for re-exposure of the rules due to changes in the most recent draft that would force businesses to bring leased assets onto their books as liabilities.

NAR disagrees with this approach to accounting for leased assets, and will make its concerns known to FASB and IASB in its comments on the draft rules.

July 13, 2011 House Appropriations Committee Votes to Block EPA Lead Paint Regulations

The House Appropriations Committee approved the 2012 budget for the Department of

Interior and the EPA, sending the bill to the full House for consideration. During the bill's consideration, the Committee voted to add an NAR-supported amendment by Rep. Rehberg (R-MT), to prohibit the implementation of controversial lead paint Renovation, Repair and Painting (RRP) rules until the EPA meets its obligations under the statute and provides the requisite information and equipment for businesses to comply. NAR, along with a broad coalition of regulated industry sectors, sent a letter to the House Appropriations Committee supporting this Amendment.

In addition, there are a number of other provisions of interest to NAR in this EPA and Interior spending bill. The bill includes provisions to defund EPA's regulations of carbon dioxide (CO2) from office and apartment buildings; block the expansion of U.S. waters subject to Clean Water Act regulation, decrease funding for more federal land acquisitions and prohibit listings of new species and critical habitat under the Endangered Species Act.

July 12, 2011 House passes 5-year Flood Insurance Extension Bill

On July 12, 2011, by a vote of 406-22, the House passed H.R. 1309: Flood Insurance Reform Act (Biggert, R-IL; Waters, D-CA), NAR-supported legislation reauthorizing the National Flood Insurance Program (NFIP) for 5 years and strengthening the program by instituting coverage, premium rate and flood-mapping reforms that would increase its net income by \$4 billion. During bill consideration, the House defeated, 38-384, a NAR-opposed amendment by Rep. Candice Miller that would have struck the bill and terminated the NFIP in six months. These victories are a direct result of REALTOR testimony, calls for action and an FPC fly-in to educate members of Congress on NFIP's importance, and why Rep. Miller's amendment was bad for homeowners, businesses and communities. The bill now moves to the Senate, where NAR is urging expeditious action.

July 7, 2011 NAR Submits Comments on Bank Examination Practices Bill

NAR sent a letter to Shelley Moore Capito (Chairman) and Carolyn Maloney (Ranking Member) of the U.S. House Financial Services Subcommittee on Financial Institutions and Consumer Credit regarding the hearing on "Legislative Proposals Regarding Bank Examination Practices." NAR requested that they support H.R. 1723, the "Common Sense Economic Recovery Act of 2011," introduced by Representative Posey (R-IN). This legislation will direct federal banking agencies to treat current, non-delinquent, and amortizing loans as accrual loans instead of as non-accrual loans, creating more financing options when commercial real estate loans mature and allowing financial institutions to play a more significant role in revitalizing our nation's economy.

June 22, 2011 NAR Supports Covered Bond Legislation

The House Financial Services Committee passed HR 940, the "United States Covered Bond Act of 2011" (Reps. Garrett (R-NJ) and Maloney (D-NY)). The bill would create a framework to establish a covered bonds market in the United States. NAR weighed in on the vote, sending a letter to the Committee in support of the bill and also signing a letter with thirteen other organizations supporting passage of the legislation. Next, the bill will likely be voted on by the full House of Representatives, though the timing of this vote is unclear.

NAR supports the creation of a covered bonds market in the U.S. because these financial instruments could provide an additional source of capital and improve liquidity in the housing and commercial finance markets.

June 16, 2011 NAR Supports Credit Union Lending Bill

The U.S. Senate Banking, Housing, and Urban affairs Committee held a hearing on credit union member business lending. NAR sent a letter in support of S. 509, the Small Business Lending Enhancement Act of 2011 (Udall, D-CO), which would raise the cap on credit union member

business lending. The letter focused on the beneficial effect this source of financing would have on commercial real estate and small businesses.

The current cap on credit union member business lending is 12.5% of a credit union's assets, but NAR seeks to raise that limit for well-capitalized credit unions. This would allow credit unions to fill in the commercial real estate financing gap, and help get capital to the struggling small businesses who occupy commercial buildings.

June 15, 2011 House Small Business Committee Holds Hearing on Regulatory Reform

The U.S. House Small Business Committee held a hearing entitled "Lifting the Weight of Regulations: Growing Jobs by Reducing Regulatory Burdens." In advance of the hearing, NAR sent the Committee a letter including a list of eleven of the regulations that have had the most harmful effects on the real estate industry. As more committees hold similar hearings on regulatory burdens, NAR will continue to make its case in favor of a streamlined regulatory environment for real estate.

June 13 – 15, 2011 Two Data Security Bills Introduced

Data Security legislation is gaining momentum in Congress in the wake of several high profile data breaches at companies such as Sony, Epsilon and Citigroup. On June 13, Rep. Mary Bono-Mack (R-CA) introduced a discussion draft of data security and breach notification legislation. On June 15, she held a legislative hearing on the draft.

Under the SAFE Data Act, companies that hold personal information on consumers such as social security numbers would be required to implement data security procedures and to notify the government and consumers in the event of a breach. The bill also contains a data minimization provision that would require organizations to create a plan to purge data that is no longer needed for legitimate business purposes. If a data breach is discovered, companies would be required to notify law enforcement within 48 hours. In addition, notification to the FTC and consumers would be required within 48 hours of an assessment of the breach, if there is a "reasonable risk of identity theft, fraud or other unlawful conduct."

On June 15, similar data security legislation was reintroduced in the Senate by Sens. John Rockefeller (D-WV) and Mark Pryor (D-AR). The Data Security and Breach Notification Act requires entities that own or possess data containing personal information to establish reasonable security policies and procedures to protect that data. If a security breach occurs, entities would have to notify each individual whose information was acquired or accessed as a result of the breach. Affected consumers would be entitled to receive consumer credit reports or credit monitoring services for two years, as well as instructions on how to request these services.

It is anticipated that the House draft will get introduced, marked up and reported out of committee later this summer and that the Senate Commerce, Science and Transportation Committee will hold a hearing on data breach and possibly privacy legislation later this month that would allow for a possible mark up of some or all of these proposals before the August break.

June 2, 2011 House Approves 1-Year Extension of the National Flood Insurance Program

The U.S. House approved a 1-year extension of the National Flood Insurance Program (NFIP) in the Homeland Security Spending bill for 2012, H.R. 2017. However, the Senate would still have to approve the legislation and it is not clear at this time if and when that would occur. To improve the chances that Congress will reauthorize NFIP authority before the Sept. 30, 2011, deadline, NAR is supporting any and every effort to extend the program for as long as legislatively possible but above all, avoid another lapse of the NFIP. For this reason, on May 27, 2011, NAR joined a broad coalition of real estate, financial and insurance representatives in

writing the entire House of Representatives also urging immediate consideration and passage of H.R. 1309, the Flood Insurance Reform Act (Biggert, R-IL; Waters, D-CA). This bill would extend and fiscally strengthen the NFIP for five years and was approved May 13, 2011 by a unanimous, bipartisan vote of the House Financial Services Committee. The Coalition letter, which NAR helped organize, urged congressional leaders to schedule a floor vote on the bill at the first available opportunity. In the Senate, initial discussions and planning have begun to introduce its version of the 5-year reform legislation, with the first hearing for FEMA's Administrator Fugate scheduled on June 9, 2011. NAR will continue to make every effort to reauthorize this critical program before the deadline.

May 30, 2011 White House, Congress Propose Data Breach Disclosures

Both the White House and Congress are proposing a national data breach notification standard that would require businesses to implement data security programs and notify individuals if their electronic personal information is breached. Rep. Cliff Stearns (R-FL) introduced H.R. 1841 the Data Accountability and Trust Act. This legislation would preempt the 46 state breach notification laws that currently exist. The White House proposed that similar legislative language be included in Cybersecurity legislation aimed at protecting the nation from cyber threats.

May 26, 2011 FASB Reconsiders Original Lease Accounting Proposal

On May 19, 2011, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) met to discuss a reworked proposal related to capitalization of leased assets. The organizations ultimately decided to revert back to an August 2010 version of proposed lease accounting rules that would require businesses to capitalize leased assets—including real estate—onto their balance sheets. This proposal would force businesses of all sizes to claim leased property as a liability, and the resulting increase in liabilities could further stifle financing in an industry that desperately needs liquidity. Increased liabilities for lessees will likely lead to shorter-term and lower-value leases, reducing commercial building owners' borrowing capacity.

In February, 2011, the organizations had decided to rework the proposal to differentiate between different lease-types, which would have been more in line with current practice of allowing businesses to classify leased property as "operating expenses." It is not clear why FASB and IASB reverted back to the original proposal, since public comments were overwhelmingly disapproving of the August, 2010 approach. The timeline for final approval of the latest development is also unclear, as observers are not certain whether or not FASB and IASB will draft a new version of the 2010 rules.

May 24, 2011 NAR Submits Statement on Regulatory Fairness

On May 24, 2011, the Small Business Administration's Office of the National Ombudsman held a hearing on National Regulatory Fairness for Small Business. The hearing focused on the impact federal regulatory enforcement and compliance actions have on small businesses. NAR provided comments on several rules that directly impact real estate agents and brokers which, in some cases, create a disincentive for real estate professional to provide assistance to consumers. Though supportive of regulatory efforts to protect consumers and curb abuses, the growing regulatory compliance required of real estate professionals will harm the ability of real estate agents to operate in an efficient manner as trusted advisors to their clients on both the purchase and sale of their homes. NAR remains concerned that the cumulative effects of additional layers of regulatory compliance are detrimental to both the housing industry and consumers.

May 19, 2011 GAO Recommends Updated Guidance for Commercial Lending

On May 19, 2011, the Government Accountability Office (GAO) recommended updating and clarifying commercial real estate lending guidance that was originally issued in 2006. According to GAO, changes in the commercial lending market since the financial crisis, including increased delinquencies, problems with securitization, and an increased reliance of small banks on CRE loans, have created a need for clearer and more consistent guidance. The call to modernize the guidance comes in the wake of a recent study that found some confusion and inconsistency in the application of the 2006 guidance.

May 13, 2011 House Committee Approves 5-year Flood Insurance Reauthorization Bill

The U.S. House Financial Services Committee, on a unanimous 54-0 vote, reported a 5-year Flood Insurance Reform Bill, H.R. 1309 (Biggert, R-IL; Waters, D-CA). The bill now goes to the full House for consideration, before moving on to the Senate. The legislation would reauthorize the National Flood Insurance Program (NFIP) to continue issuing flood insurance through fiscal year 2016, and also institutes key reforms to encourage program participation and strengthen its long-term solvency. Reforms include indexing coverage limits for inflation which have not been updated since 1994; adding coverage options for business interruption and cost of living expenses; re-establishing a Technical Mapping Advisory Committee of engineers, surveyors and other mapping experts to independently review and recommend ways to strengthen the scientific integrity and reliability of the 100-year flood maps; streamlining the map appeals process and reimbursing the cost for successful appeals. NAR worked with Committee members to keep the legislation moving in order to beat the current September 30 deadline for reauthorization of the NFIP. NAR continues to work with the bill's authors to address NAR's remaining concerns with the bill's provisions to phase-in over 5 years the full-risk premium rate for some older properties and to study and seek bids for privatization of the NFIP after 5 years.

May 2, 2011 NAR Commented on Covered Bond Legislation

In a letter to Chairman Garrett (R-NJ) of the U.S. House Financial Services Subcommittee on Capital Markets, NAR reaffirmed its support for H.R. 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 commercial mortgage-backed securities (CMBS), 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.

May 2, 2011 NAR Signed onto Small Business Regulatory Reform Coalition Letter

NAR signed onto a coalition letter in support of Senate Amendment 299, the Small Business Regulatory Freedom Act of 2011, introduced by Sens. Snowe (R-ME) and Coburn (R-OK). This bill is being offered as an amendment to a small business bill (S. 493) that reauthorizes a Small Business Administration innovation grant program.

The bill changes the current regulatory process to ensure that small business concerns are taken into consideration when Federal agencies promulgate or review regulations. The bill would: (a) require that agencies consider indirect economic impacts in small business analyses; (b) enforce existing periodic rule review requirements and penalize agencies that refuse to conduct these reviews; (c) add nine new small business review panels at federal agencies whose rules have the largest economic impact on small businesses; and (d) extend the Regulatory Flexibility Act (RFA) to agency guidance documents, so that federal agencies must conduct small business economic analyses before publishing those documents.

Recently, agencies have subverted the rulemaking process by relying on documents that agencies can issue without having to adhere to their RFA obligations.

April 26, 2011 Monthly Commercial Update

2011 NAR Treasurer Bill Armstrong discussed three recent commercial victories. Specifically, he spoke about the Financial Accounting Standards Board (FASB) and International Accounting Standards Board's (IASB) decision to delay issuing their lease accounting proposal that would capitalize all commercial real estate lease contracts, which could negatively impact access to credit for both lessees and lessors. In a second win for commercial real estate, Mr. Armstrong highlighted the Small Business Administration's (SBA) recent expansion of its temporary 504 commercial real estate refinance program to make eligible commercial loans that will balloon after December 2012. The program originally was limited to loans maturing before this date. Finally, Mr. Armstrong discussed the recent repeal of the 1099 reporting rule that would have required small businesses and property owners to track work done for them that totaled \$600 or more per year and send vendors 1099 IRS forms so they could report the income to the federal government.

April 12, 2011 & April 13, 2011 Privacy Legislation Introduced in the U.S. House and Senate

Two data privacy and security bills were introduced this week that will kick-off the debate in Congress on this issue. On April 12, Senators Kerry (D-MA) and McCain (R-AZ) introduced the "Commercial Privacy Bill of Rights Act of 2011." This bill would, among other things, require firms that collect, use or share personally identifiable consumer information to provide clear disclosures about their data collection practices and offer consumers the ability to opt-out of such collection.

On April 13, Rep. Cliff Stearns (R-FL) and Rep. Jim Matheson (D-UT) introduced "The Consumer Privacy Protection Act" in the House. This bill would establish comprehensive U.S. data privacy rules for firms collecting consumer personally identifiable information. Notably, this bill allows firms to be deemed in compliance by participating in a self-regulatory program approved by the Federal Trade Commission. NAR will reach out to members of the House and Senate to share our suggestions to improve the bills while at the same time, NAR continues to explore the creation of a real estate specific self-regulatory program for data privacy and security.

April 14, 2011 FASB/IASB Announced Delay of New Lease Accounting Standards

FASB/IASB pushed back their June 2011 deadline for completing new lease accounting standards, noting they will need "a few more months" to process comments received from hundreds of trade groups and businesses. Despite a February 2011 agreement from FASB/IASB to consider a two-pronged classification system for leases – financing leases and other-than-financing leases – FASB Chairman Leslie Seidman clarified in a recent interview that this should not be taken as a retreat on their original proposal, or as a shift back to current lease accounting standards. As currently written, FASB/IASB's lease proposal could dramatically reduce liquidity for both commercial real estate lessees and lessors.

While the specific finalization date is unclear, it is anticipated the project will be completed in December 2011.

April 14, 2011 Burdensome Reporting Rules Repealed

President Obama signed into law H.R. 4, a bill that repeals 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.

On April 5, the U.S. Senate passed H.R. 4. The measure passed on a strong bipartisan vote of 87 - 12. In early March, the U.S. House had passed the same version with a vote of 314-112.

April 6, 2011 NAR Commented on the State of Community Banking

In a letter to Chairman Brown (D-OH) of the U.S. Senate Subcommittee of Financial Institutions and Consumer Protection, NAR thanked the Senator for holding a hearing on the “State of Community Banking: Opportunities and Challenges.” In an effort to improve lending conditions within the commercial real estate and small business sectors, NAR asked lawmakers to assist community banks clear their balance sheets of toxic assets by encouraging more private-equity investments in these small financial institutions. This would help turn around and recapitalize struggling banks and bring back much needed equity into the banking system.

April 4, 2011 NAR Submitted Letter on Flood Insurance Legislation

NAR sent a letter to Chairwoman Biggert (R-IL) and Ranking Member Gutierrez (D-IL) of the U.S. House Financial Services Subcommittee on Insurance, Housing, and Community Opportunity, thanking them for introducing and scheduling a markup of H.R. 1309, the Flood Insurance Reform Act.

On April 1, 2011, a U.S. House Financial Services Subcommittee unanimously approved H.R. 1309, to reauthorize the National Flood Insurance Program until September 30, 2016. The bill is now scheduled for full committee markup on May 12, 2011; from there, it would go to the U.S. House and then the U.S. Senate for consideration. NAR will continue to urge the long-term reform and extension of NFIP authority before it is again set to expire on September 30 of this year.

April 4, 2011 SBA Expanded Temporary Commercial Refinance Program

Beginning April 4, 2011, the U.S. Small Business Administration (SBA) will expand its temporary 504 commercial real estate refinance program to assist more small business owners struggling to refinance commercial loans. This new refinancing option was initially restricted to small businesses with commercial real estate mortgages maturing by the end of 2012, but now businesses will be allowed to refinance certain owner-occupied commercial real estate loans maturing after December 31, 2012.

March 31, 2011 NAR Testified on GSE Reform

2011 NAR President Ron Phipps testified before the U.S. House Subcommittee on Capital Markets and Government Sponsored Enterprises hearing on the “Immediate Steps to Protect Taxpayers from the Ongoing Bailout of Fannie Mae and Freddie Mac.” During his testimony, Mr. Phipps stressed NAR’s support for a secondary mortgage market model that includes some level of government participation, but protects the taxpayer while ensuring all creditworthy commercial and multi-family borrowers have reasonable access to mortgage capital.

March 29, 2011 Monthly Commercial Update

2011 NAR Treasurer Bill Armstrong discussed how financing continues to be the biggest problem facing commercial real estate. Despite this challenge, Congress has recently introduced 3 bills to help improve commercial real estate credit markets. The first is legislation (S. 509) introduced by Sen. Udall (D-CO), which would raise the business lending cap for credit unions from 12.25% to 27.5%. Another bill that could help improve commercial real estate conditions is accelerated depreciation legislation. This bill (H.R. 1147) was introduced by Reps. Nunes (R-CA) and Berkley (D-NV) and would incentivize equity investment in distressed commercial properties by granting a one-time 50% bonus depreciation for certain investors. Finally, Reps. Garrett (R-NJ) and Maloney (D-NY) introduced legislation (H.R. 940) to create a covered bond market that would provide another source of liquidity for the industry.

March 28, 2011 NAR Joined Industry Coalition Letter on U.S. Housing Finance System

NAR signed onto a joint letter with several commercial real estate organizations, urging Congress to adhere to the following principles as a guide to help restore and repair the nation's housing finance system: (1) a stable multi-family and housing sector promotes social and economic benefits that warrant being a national policy priority, (2) private capital must be the dominant source of mortgage credit, and it must also bear the primary risk in any future housing finance system, (3) some continuing and predictable government role is necessary to promote investor confidence and ensure liquidity and stability for rental housing and homeownership, and (4) changes to the mortgage finance system must be done carefully and over a reasonable transition period to ensure that a reliable mortgage finance system is in place to function effectively in the years ahead.

March 25, 2011 NAR Signed onto Joint Letter on Accelerated Depreciation Legislation

NAR signed onto a commercial real estate coalition letter in support of the Community Recovery and Enhancement Act of 2011 (H.R. 1147), re-introduced by Reps. Nunes (R-CA) and Berkley (D-NV). This legislation aims to help incentivize equity investment in distressed CRE properties by granting investors a one-time 50% bonus depreciation. At least 80% of the investment must be used to reduce the outstanding balance of debt, with the remaining going towards capital improvements.

March 11, 2011 NAR Testified at National Flood Insurance Program Hearing

The U.S. House Financial Services Subcommittee on Insurance, Housing and Community Opportunity held a hearing on legislative proposals designed to reform the National Flood Insurance Program (NFIP). Terry Sullivan testified on behalf of NAR. In his testimony, Mr. Sullivan reaffirmed NAR's long-standing support for strengthening the NFIP for the long-term to prevent undermining the real estate market recovery. Mr. Sullivan explained the importance of reauthorizing the NFIP for a minimum of 5 years. Furthermore, Mr. Sullivan stated NAR's support of strengthening the long-term viability of the NFIP by expanding coverage to include business interruption, indexing coverage limits which have not been updated despite inflation since 1994, and ensuring that the owners of repetitive loss properties pay insurance rates that reflect the full risk to the property. These reforms will help increase funds for the NFIP, help property owners recover from flood losses, and decrease future federal assistance when underinsured properties suffer flood losses.

March 9, 2011 NAR Testified at U.S. Senate Hearing on GSE Reform

2011 NAR President Ron Phipps testified before the U.S. Senate Committee on Banking, Housing, and Urban Affairs hearing on the "State of the Nation's Housing Market." In its testimony, NAR emphasized its support for a secondary mortgage market model that includes some level of government participation, but protects the taxpayer while ensuring all creditworthy commercial and multi-family borrowers have reasonable access to mortgage capital.

March 8, 2011 – Covered Bond Bill Designed to Encourage Increased Mortgage Liquidity

March 11, 2011 On March 8, 2011, Reps. Garrett (R-NJ) and 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-backed 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 U.S. House Financial Services Capital Markets Subcommittee held a hearing on this issue on March 11, 2011, and NAR provided a letter of support.

March 3, 2011 U.S. House Repealed Burdensome 1099 Reporting Rules

The U.S. 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.

February 22, 2011 Monthly Commercial Update

2011 NAR Treasurer Bill Armstrong discussed the Financial Accounting Standards Board's (FASB) preliminary ruling on mark-to-market accounting rules. The ruling allows banks to amortize loan values on their balance sheets, instead of using mark-to-market valuation. Despite this favorable ruling, the commercial real estate industry is facing a struggle with newly proposed lease accounting rules. Early indications from FASB say that the organization will require companies to treat commercial leases as assets or liabilities rather than an operating expense. If finalized, this proposal would hurt businesses of all sizes. With more bloated balance sheets, some companies may see their debt-to-equity ratios increase and find it more difficult to obtain credit, especially those with heavy debt loads or still recovering from the recession.

February 17, 2011 FASB to Reevaluate Lease Accounting Proposal

On February 17, 2011, the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) agreed in a joint meeting to rework their August 2010 proposal which would have required companies to capitalize all leased assets, including real estate, back onto their balance sheets. Under their original proposal, many companies' financial liabilities would significantly increase, resulting in shorter-term leases. Ultimately, many businesses and property owners would see a reduction in their borrowing capacity.

FASB will now consider a new approach that would differentiate between two lease types — a “finance lease” and an “other-than-finance lease.” This method would be more in line with current U.S. accounting rules that allow many businesses to classify leased property as operating expenses. Despite this encouraging news, some experts believe that FASB will continue to write rules that would include the amortization of costs for property leases. This could force tenants to record a rental liability that is disproportionately higher than the actual lease expense.

February 17, 2011 SBA Announced New Commercial Real Estate Financing Program

The U.S. Small Business Administration (SBA) announced that it will start accepting refinancing applications for commercial real estate mortgages maturing by the end of 2012. For the first time, small businesses will be allowed to refinance certain owner-occupied commercial real estate mortgages into long-term, fixed rate loans, under the existing SBA 504 program. The new refinance program provides an SBA loan up to 40 percent of the appraised property value with no less than 10 percent of the remaining amount to be contributed by the borrower. Last September, President Obama signed into law the Small Business Jobs and Credit Act of 2010, which authorized this program through September 27, 2012.

Due to the economic downturn and falling commercial real estate values, many small businesses have encountered difficulty refinancing their maturing mortgages. NAR believes this program will provide credit relief for property owners and help stabilize the commercial real

estate and small business sectors.

**February 17,
2011**

U.S. House Ways and Means Committee Repealed Landlord Reporting

The U.S. House Ways and Means Committee held a markup to review various 1099 reporting issues. Included in the legislation that was ordered reported from the Committee was a bill that would repeal both the onerous 1099 reporting rules that were included in the Health Care legislation and the landlord reporting rules that affect all persons who receive rents.

On February 15, 2011, NAR sent a letter to all Ways and Means Committee members urging repeal of the landlord reporting provision. The legislation repealing the two reporting provisions has not yet been scheduled for a House vote.

**February 14,
2011**

NAR Urged Changes to Definition of “Rural”

The House Agriculture Subcommittee on Rural Development held a hearing to examine the many different definitions of “rural” used by the Department of Agriculture (USDA) on their programs. NAR sent a letter to all Member of the Subcommittee urging them to take into consideration the critical impact rural housing programs have on tens of thousands of rural communities. NAR urged several changes to the definition used by the Rural Housing Service (RHS) to ensure rural communities have access to safe, affordable mortgage financing. These changes include elimination of the requirement that a community must be outside a designated Metropolitan Statistical Area, and raising of the population threshold. Rural housing programs are critical to many American families, and we urge Congress and USDA to make changes to the definition of rural.

February 9, 2011

NAR Provided Comments for GSE Hearing

NAR submitted testimony for record to the U.S. House Subcommittee on Capital Markets and Government Sponsored Enterprises hearing on the “GSE Reform: Immediate Steps to Protect Taxpayers and End the Bailout.” In its testimony, NAR emphasized its support for a secondary mortgage market model that includes some level of government participation, but protects the taxpayer while ensuring all creditworthy commercial and multi-family borrowers have reasonable access to mortgage capital.

February 9, 2011

NAR Supported Subcommittee Efforts to Prevent Burdensome EPA Regulation

NAR submitted a letter to U.S. Representative Ed Whitfield (R-KY), Chairman of the House Subcommittee on Energy and Power, supporting the Subcommittee’s draft legislation to stop the Environmental Protection Agency (EPA) from regulating greenhouse gases under the Clean Air Act (CAA). The Subcommittee’s “Energy Tax Prevention Act” legislation would clarify that the CAA’s definition of “air pollutant” excludes greenhouse gases including carbon dioxide for which the Act was not designed and is ill-suited to address.

The bill would repeal any existing EPA action and prohibit any new one that would trigger regulation of CO2 from commercial or residential buildings. While the EPA has issued its “Tailoring Rule” to delay regulation except for the very largest emitters, it is only the first phase of implementation of CAA part C of Title I (prevention of significant deterioration or PSD of air quality) and Title V (permits). In 5 years, the EPA has committed to reevaluate the threshold above which EPA will regulate, which could negatively impact commercial properties.

February 8, 2011

Finance Committee Reviewed Landlord Reporting

The U.S. Senate Finance Committee held a markup to review a pending Airways Trust Fund bill. Senators offered numerous amendments unrelated to the pending bill. All were withdrawn after discussion, largely because they were non-germane to the bill at hand. Among the amendments was one offered by Senator Snowe (R-ME) that would have repealed the Form

1099 landlord reporting provisions that were enacted in 2010. Those rules are currently in effect. They require any person who receives rental income to report payments of \$600 or more to those who provide goods and services.

NAR has strongly objected to this reporting provision as a trap for the little guy. On February 7, 2011, NAR sent a letter to all U.S. Finance Committee members supporting the Snowe amendment. Chairman Baucus (D-MT) and Ranking Member Hatch (R-UT) spoke favorably about the amendment, thus increasing its chances of being adopted at a later time. The U.S. House Ways and Means Committee will mark up a bill during the week of February 14 to repeal the 1099 reporting rules included in the 2010 health care package. NAR has identified sponsors who will attempt to add the repeal of the landlord provisions during that markup.

February 2, 2011 Senate Agreed to 1099 Reporting Repeal

During debate on an aviation bill, U.S. Senator Debbie Stabenow (D-MI) offered an amendment that repealed the 1099 reporting requirement. The amendment was “paid for” with an accounting transfer that does not affect real estate. The 81 - 17 vote was decisive. In an odd procedure, the U.S. Senate Finance Committee will consider the amendment in a markup on February 8. The 1099 issue falls within the Committee’s jurisdiction, as do a number of aviation-related fees and trust funds provisions that were not included in the underlying aviation bill. Despite this odd procedure of sending an amendment that has already passed back to committee, the 1099 repeal is on track to pass the House and Senate fairly soon.

**January/
February 2011**

1099 Reporting Repeal Effort Update

U.S. House and Senate bills have been introduced that would repeal the 1099 information reporting requirement that was included as one of the “pay-for” provisions in the 2010 Health Care legislation. H.R. 4 has 263 House sponsors from across the political spectrum. U.S. Senate Finance Committee Chairman Baucus (D-MT), along with Minority Leader Harry Reid (D-NV) has introduced S. 72, along with 16 cosponsors. In the State of the Union address, President Obama anticipated that the provision would be repealed and said he would sign a bill with full repeal. Nonetheless, neither bill has been scheduled for House or Senate consideration. NAR supports this repeal effort.

Unfortunately, neither bill includes a repeal of the burdensome landlord reporting provision that was included in a 2010 small business bill. That provision requires ALL persons who “receive rental income” (not just property managers) to report payments of over \$600 to the contractors and others who do work for them. NAR has identified a senior member of the House Ways and Means Committee who intends to lead an effort to secure repeal of the landlord provision.

January 27, 2011 FASB Backtracked on Fair Value Accounting Proposal

The Financial Accounting Standards Board (FASB) abandoned its May 2010 proposal to require financial institutions to report the “fair value” or current market value of the loans held on their balance sheets. Fair value accounting would have forced banks to take huge write-downs or losses of assets that decline in value. This would have required many banks to hold more capital, and resulted in a further contraction of credit to the real estate industry. Currently, FASB allows banks to value many of their loans at amortized cost, an adjusted version of the original cost.

FASB’s decision to abandon its proposal was a result of over 2,800 comment letters from investors and companies, many of whom criticized its potentially negative impact on the U.S. economy. FASB’s fair value initiative was a part of a broader proposed rule, which is not expected to be finalized until mid-summer 2011.

January 25, 2011 Monthly Commercial Update

2011 NAR Treasurer Bill Armstrong discussed a recent survey by the Association of Foreign Investors in Real Estate, which found that 60 percent of respondents said the U.S. offers the best potential for capital appreciation this year. 72 percent said they plan to invest more capital in the U.S. in 2011 than they did in 2010. Amidst the challenges facing the commercial real estate industry, this is encouraging news.

Mr. Armstrong also identified the multi-family sector as one of the top grossing sectors in the commercial real estate industry. Specifically, multi-family vacancy rates dropped between 2009 and 2010, while demand increased in the same time period. Furthermore, rent prices remained virtually unchanged.

January 20, 2011 NAR Submitted Comment Letter to Department of Labor

In a comment letter to the U.S. Department of Labor (DOL), NAR raised its concern about the Department's proposed rule, which would expand of the definition of the term "fiduciary" under the Employee Retirement Income Security Act (ERISA) to include real estate appraisers. In the proposed rule, DOL broadly defines the circumstances under which a person is considered a fiduciary by reason of giving investment advice to an employee benefit program or a plan's participants. NAR stated its belief that fiduciary status should not extend to appraisers because appraisers provide objective opinions of value and not investment advice.

January 13, 2011 NAR Attended FDIC's Overcoming Obstacles to Small Business Lending Forum

NAR staff, along with Randy Scheidt, Vice Chair of the Commercial Committee and Iona Harrison, Vice Chair of the Business Issue Committee, attended the Federal Deposit Insurance Corporation's (FDIC) Overcoming Obstacles to Small Business Lending Forum. The Forum included a panel discussion featuring FDIC Chairman Sheila Bair, Federal Reserve Chairman Ben Bernanke, Senator Mark Warner (D-VA), and Thomas Bell, Jr., Chairman of the US Chamber of Commerce. These individuals discussed the problems within the small business lending sector (community banks) and ways to improve lending to small businesses. A second panel featured additional government and private sector leaders to identify issues that are constraining the availability of credit to small businesses and articulate ideas for overcoming these obstacles.

Both panels spent a considerable amount of time discussing the effects that declining housing prices have had on the ability of small business owners to obtain financing for their companies. Traditionally, many small business owners have accessed lines of credit for their businesses by using their homes as collateral, but a decline in housing prices have led to ever tightening credit restrictions on borrowers. Fed Chairman Bernanke noted the recent purchase of Treasury bonds will help ease credit; however, both panels were unable to provide any significant solutions.

Both panels also addressed how plummeting commercial real estate prices could slow our nation's economic recovery. Fed Chairman Bernanke mentioned the success of his agency's TALF program (now terminated), but did not provide any further solutions. FDIC Chairman Bair talked about directing federal regulators to provide more loan workouts or term extensions if the borrower is current on monthly payments, but other factors associated with the property such as cash flow or value have declined.

- December 28, 2010** **Monthly Commercial Update**
- 2011 NAR Treasurer Bill Armstrong stated NAR's promise to use all of its resources to improve the struggling commercial real estate industry. Specifically, Mr. Armstrong discussed NAR's commitment to bring in more liquidity to create more business opportunities for its commercial membership.
- December 9, 2010** **NAR Urged U.S. Congressional Leadership To Pass Tax Extenders Package**
- In a letter to Republican and Democratic leadership of the U.S. Senate and House of Representatives, NAR urged Congress to pass a tax extenders package in order to provide stability and certainty to the commercial and residential real estate industries. This legislation includes the retention of 15% capital gains rate, reinstatement of the stepped-up basis rules under the estate tax, expansion of the estate tax exclusion, lower estate tax rates, shorter depreciation recovery periods for leasehold improvements, enhanced expensing for some assets, energy tax credits, Alternative Minimum Tax relief, and adds temporary relief from payroll taxes.
- December 8, 2010** **NAR Signed Onto Second Lease Coalition Letter**
- NAR signed onto a coalition letter to the Financial Accounting Standards Board (FASB) and International Accounting Standards Boards (IASB) asking them to reconsider their joint proposal to capitalize all leases onto companies' balance sheets. Among other things, the letter asked the accounting boards to study potential economic consequences of their proposal.
- December 1, 2010** **NAR Submitted Comments to FASB on Proposed Lease Accounting Rule Change**
- NAR submitted comments to the Financial Accounting Standards Board (FASB) on a recently proposed accounting rule change that, if implemented, could severely impact liquidity for the commercial real estate industry. Under this proposal, companies would be required to capitalize all leased real estate assets back onto their balance sheets. Therefore, business of all sizes would be negatively impacted, especially lessees and lessors of commercial real estate. In its letter, NAR raised the concern that this new accounting proposal would bloat the balance sheets of many companies, among other issues. As a result, many businesses would see their debt-to-equity ratios increase and find it more difficult to obtain credit. Consequently, more frugal lessees will want less space and shorter-term leases without renewal options or contingent rents, which will decrease cash flow for property owners. Shorter-term rents will likely reduce the borrowing capacity of many commercial real estate lessors, who rely on leases and the value of the property as collateral in order to obtain financing. Due to these and other negative economic consequences, NAR asked FASB to reconsider this proposal.
- November 30, 2010** **Monthly Commercial Update**
- 2011 NAR Treasurer Bill Armstrong discussed the importance of job creation and the restoration of bank lending as keys to a commercial real estate recovery. Mr. Armstrong also noted the recent passage of the Small Business Jobs and Credit Act of 2010, which may help improve credit access for small businesses. Finally, Mr. Armstrong spoke on the importance of preventing the finalization of new lease and fair value accounting rule changes.
- November 29, 2010** **NAR Submitted Comment Letter on 1099 Information Reporting Requirements**
- In a letter to the U.S. Senate, NAR urged members of Congress to vote in favor of pending amendments that would repeal the onerous 1099 information reporting requirements enacted earlier this year. These requirements create traps for the unwary and huge administrative burdens on small businesses.
- November 17,** **NAR Testified Before Congress on Small Business and Commercial Real Estate**

2010

Lending Crisis

Dan Sight, Vice President of Reece Commercial in Kansas City, Missouri, testified on behalf of NAR at the U.S. Senate Committee on Small Business and Entrepreneurship hearing on “Small Business Access to Capital: Challenges Presented by Commercial Real Estate.” In his testimony, Mr. Sight stressed the importance of having a healthy commercial real estate sector in addition to a sound small business sector as the cornerstone of our nation’s economic growth and recovery. Mr. Sight explained how high vacancy rates, plummeting prices, and sluggish sales activity in the commercial real estate industry, along with high commercial real estate loan exposure at small community banks, have caused a significant decrease in small business lending, curtailing our nation’s economic recovery. This reduction in credit available to small businesses has resulted in layoffs and business failures, placing even more pressure on commercial real estate and accelerating a negative economic cycle. Furthermore, Mr. Sight identified lack of available real estate financing as the number one reason for such dismal commercial real estate activity. More notably, he told members of the Committee that commercial real estate financing problems must first be addressed in order to fix lending within the small business sector.

October 26, 2010 Monthly Commercial Update

2010 NAR Treasurer Jim Helsel reported that 3rd quarter commercial real estate sales activity increased 35 percent from the 2nd quarter of 2010. Additionally, commercial real estate is likely to close out the 4th quarter with at least \$100 billion in sales activity.

October 21, 2010 NAR Signed Onto Lease Accounting Coalition Letter

NAR joined 25 organizations in a letter to the G-20 nations, asking the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) to delay their June 2011 deadline for completion of a new lease accounting standard. Through the directive of the G-20, these boards are currently engaged in a series of projects to converge U.S. Generally Accepted Accounting Principles (USGAAP) and International Financial Reporting Standards (IFRS) by 2011 - including the controversial lease accounting proposal. The proposal would require firms to recognize all lease liabilities and assets on their corporate financial statements. The coalition letter stated that more time is needed to study the latest draft of the standard and its impact on credit markets.

October 4, 2010 NAR Submitted Comments Regarding Exchange-Related Provisions in Health Care Reform Bill

NAR submitted a letter to the U.S. Department of Health and Human Services (HHS) in response to a request for public comment to aid in the development of standards for establishment and operation of the Exchanges and to address other Exchange-related provisions in Title I of the Patient Protection and Affordable Care Act (PPACA). Specifically, NAR’s comments addressed six points of interest for real estate agents, realty firm owners and other self-employed individuals or small business owners: (1) providing a robust range of policy and provider options in the Exchanges, (2) ensuring the availability of affordable insurance options in the Exchanges, (3) creating standards and practices governing state Exchanges, (4) allowing flexibility in early stage enrollment and eligibility, (5) providing ample opportunity for feedback and personalized customer service for consumers, and (6) working with Navigators and other third parties to deliver consumer information. Furthermore, NAR stated its support for the creation of Exchanges that will allow REALTORS® to access more affordable and quality health care for themselves and their families.

October 1, 2010 **National Flood Insurance Extended through 2011**
The President signed into law a one-year extension of the National Flood Insurance Program (NFIP). Congress unanimously approved a one-year extension of National Flood Insurance Program authority to September 30, 2011. The legislation, S. 3814, was first approved on September 21, 2010, by the unanimous consent of the U.S. Senate and two days later, by the voice vote of the U.S. House of Representatives. NFIP is now extended through September 30, 2011.

September 29, 2010 **NAR Submitted Letter to Senate Committee Regarding the Data Security & Breach Notification Act of 2010**
In a letter to Senators Pryor (AK-D) and Rockefeller (WV-D), NAR shared its thoughts on their legislation, S. 3742, the Data Security and Breach Notification Act of 2010. This bill would require security policies and procedures to protect data containing personal information, and provide for nationwide notice in the event of a security breach. In the letter, NAR indicated that it has been long supportive of efforts to protect consumers' sensitive personal information, but strongly believes that any new federal data security law must be narrowly tailored to minimize the regulatory burden such a law could place on vulnerable independent contractors and small businesses.

September 28, 2010 **Monthly Commercial Update**
2010 NAR Treasurer Jim Helsel reported on NAR's three-part strategy to revitalize the commercial sector this fall: liquidity, taxes, and accounting rules.

September 27, 2010 **Small Business Jobs and Credit Act (H.R. 5297) Signed into Law**
President Obama signed into law the Small Business Jobs and Credit Act of 2010 (H.R. 5297). The U.S. Senate voted, 61-38, to pass the bill on September 16, 2010, while the U.S. House approved the measure, 237-187. Under this bill, which NAR supported, the U.S. Treasury would be authorized to lend up to \$30 billion to interested community banks to further expand lending to small businesses. As an incentive for participating community banks to increase small business lending, their interest rate would be adjusted relative to the amount of their small business lending activity. It is estimated that community banks could use the \$30 billion lending fund to leverage up to \$300 billion in new loans to small businesses. Additionally, the small business lending bill enhances Small Business Administration (SBA) programs and provides \$12 billion in tax breaks for small businesses.

September 24, 2010 **NAR Submitted Comments to FASB on Proposed Fair Value Accounting Rule Change**
NAR submitted comments to the Financial Accounting Standards Board (FASB) on a recently proposed accounting rule change that, if implemented, could severely impact liquidity for businesses and consumers. Under this proposal, financial institutions would be required to book their loans at current market value, a method known as "fair value" or "mark-to-market" accounting. As a result, some banks would be forced to take huge write downs or losses, particularly during periods of economic distress. In the letter, NAR stated its concern that the accounting proposal will dramatically affect the availability of capital for real estate, especially in light of the commercial real estate liquidity crisis. NAR urged FASB for more flexible mark-to-market accounting rules and encouraged the use of other valuation tools to assist with valuing assets in illiquid markets.

September 23, 2010 **NAR Letter Urged U.S. House to Pass NFIP Extension**
In a letter to the U.S. House of Representatives, NAR asked lawmakers to pass S. 3814, the National Flood Insurance Program Re-extension Act. The bill would expand authority for the National Flood Insurance Program (NFIP) by one year, until September 30, 2011.

September 22,
2010

NAR Testified Before Congress on Comprehensive Flood Insurance Reform

The U.S. Senate Committee on Banking, Housing, and Urban Affairs held a hearing on "National Flood Insurance Reauthorization." Nick D'Ambrosia, Vice President of Training and Recruiting for Long & Foster Companies, testified on behalf of NAR. In his testimony, Mr. D'Ambrosia urged the committee to act quickly to reauthorize the National Flood Insurance Program (NFIP) for the long-term to avoid further compounding the uncertainty for taxpayers who rely on the program, particularly in a recovering real estate market. The NFIP authority is set to expire on September 30 for the ninth time in two years; Congress has approved eight short-term extensions during this time. "We are pleased that last night the Senate passed S. 3814 to extend the NFIP for one year until September 30, 2011. We urge the House to immediately do the same," said REALTOR® Nick D'Ambrosia. However, Mr. D'Ambrosia noted: "This month-to-month approach has hindered recovering real estate markets and exacerbated the uncertainty for the more than 5.5 million taxpayers who depend on the NFIP to protect them against floods." The House has already passed H.R. 5114, the Flood Insurance Reform Priorities Act, which would reauthorize the NFIP for a full five years. The Senate is holding this hearing to begin the process of developing the Senate response to the House reform bill.

September 21,
2010

NAR Advised the U.S. House Committee on Appropriations Chairman to Pass Long-term Extension to NFIP

In a letter to Chairman Obey (WI-D) of the U.S. House Committee on Appropriations, NAR urged the passage of a long-term extension for the National Flood Insurance Program (NFIP), once the Committee begins work on the continuing resolution for FY2011.

September 21,
2010

NAR Advised the U.S. Senate Committee on Appropriations Chairman to Pass Long-term Extension to NFIP

In a letter to Chairman Inouye (HI-D) of the U.S. Senate Committee on Appropriations, NAR urged the passage of a long-term extension for the National Flood Insurance Program (NFIP), once the Committee begins work on the continuing resolution for FY2011.

August 31, 2010

Monthly Commercial Update

In this latest addition of the commercial podcast, 2010 NAR Treasurer Jim Helsel sits down with Bill Armstrong, 2010 NAR Treasurer-elect, to discuss our latest efforts to jumpstart business in the commercial sector. Specifically, Mr. Helsel and Mr. Armstrong reviewed the recent passage of the \$30 billion Small Business Lending Fund bill, which would provide another vehicle for commercial practitioners and small business owners to access credit. Additionally, they discussed the possibility of Congress passing legislation that could raise the current 15% tax treatment of carried interest to 35% or more.

August 13, 2010

NAR Submitted Comments on Proposed Regulations for Grandfathered Health Plans

NAR submitted formal comments to the U.S. Department of Health and Human Services (HHS) in response to an interim final rule implementing the provisions of the health care reform bill that allows policies in effect on the date of enactment to be "grandfathered" and not subject to many of the bill's reforms. It is the grandfather provisions that are the basis for the claim that "if you like your policy, you can keep it" heard throughout the health reform debate. NAR took a strong position in favor of allowing the maximum flexibility for individual and small group plans already in place to remain in place once health care reform is fully implemented.

July 29, 2010 NAR Testified Before Congress on Commercial Real Estate Liquidity Crisis

The U.S. House Financial Services Committee held a hearing on “Alternatives for Promoting Liquidity in Commercial Real Estate Markets, Supporting Small Businesses and Increasing Job Growth.” Jim Helsel, 2010 NAR Treasurer and President of Helsel Incorporated REALTORS®, testified on behalf of NAR. In his testimony, Mr. Helsel stressed that liquidity remains a significant challenge for the commercial real estate industry. Mr. Helsel also commended the panel for passage of H.R. 5297, the Small Business Lending Act of 2010, which ensures community banks have both the incentive and capacity to increase total loans to small businesses. Moreover, he stressed the importance of raising Small Business Administration (SBA) loan limits and allowing SBA 504 loans to be used to refinance performing property. Finally, as another credit avenue, Mr. Helsel asked members of the committee to consider raising the credit union member business lending cap from 12.25% to 27.5% of total assets.

July 27, 2010 Monthly Commercial Update

NAR Treasurer Jim Helsel discussed NAR’s victory with the recent extension of the National Flood Insurance Program (NFIP) through September 30, 2010. Also, Mr. Helsel discussed the possibility of the U.S. Senate voting on legislation this December that could raise the current 15% tax treatment of carried interest to 35% or more. Finally, Mr. Helsel reviewed information and resources available on NAR’s commercial website. These resources include a number of webinars, which can help commercial real estate practitioners make better business decisions.

July 26, 2010 NAR Commented on Housing Preservation & Tenant Protection Legislation

In a letter to U.S. House Financial Services Committee Chairman Barney Frank (D-MA), NAR and a variety of commercial real estate-related organizations stated their opposition to several provisions in H.R. 4868, the Housing Preservation and Tenant Protection Act of 2010, that would adversely impact private sector involvement in preservation. Specifically, the coalition letter stated it could not support the legislation due to provisions in the following sections of the bill: (1) Federal First Right of Refusal (Section 107), (2) Amendment to Low-Income Housing Preservation and Resident Homeownership Act (Preemption Provision, Section 108), (3) Maintenance of Housing (Section 302), (4) Resident Enforcement of Public Housing Agency or Project Owner Agreements with HUD (Third-party beneficiary, Section 303), and (5) Resident Access to Building Information (Section 304).

July 23, 2010 NAR Supported Accelerated Depreciation Legislation in Coalition Letter

NAR signed onto a coalition letter in support of H.R. 5943 (Berkley, NV-D), the “Community Recovery and Enhancement Act of 2010,” which would help mitigate the commercial equity gap through incentivizing investment in distressed commercial real estate assets. Under this proposal, investors would receive a one-time 50 percent bonus depreciation on the amount invested into a qualifying distressed commercial asset.

July 20, 2010 NAR Submitted Letter of Support for H.R. 1264, the Multiple Peril Insurance Act

NAR submitted a letter of support for H.R. 1264, the Multiple Peril Insurance Act, introduced by Representatives Taylor (D-MS) and Scalise (R-LA). Under this bill, property owners would be able to purchase multi-peril (flood/wind) or windstorm policies without the lengthy wind-water disputes or worrying about a potential for “bait and switch.” The National Flood Insurance Program (NFIP) would be required to charge actuarial rates, so there would be no increase in federal spending according to the non-partisan Congressional Budget Office. By increasing the number of properties that are insured and required to be built to International Building Code standards, the Taylor/Scalise bill would reduce the amount of disaster relief taxpayers would have to provide after the next major natural disaster strikes.

July 15, 2010 NAR Urged U.S. Senate to Renew Debate on Small Business Lending Fund Legislation

In a letter a letter submitted to the U.S. Senate, NAR urged the U.S. Senate to approve the House-passed legislation (H.R. 5297) to establish a \$30 billion Small business Lending Fund. Additionally, NAR asked the Senate to include the following provisions in their version of the Small Business Lending Fund bill: (1) allow small businesses to expense leasehold improvements, (2) permit the self-employed to deduct health insurance premiums when calculating self-employment taxes, and (3) increase the cap on credit union member business lending (MBL) to 27.5% of total assets. However, NAR stated its opposition to the Administration's proposal to require credit unions to have at least 5 years of MBL experience in order to qualify for the higher limit. NAR also noted its opposition to the provision requiring all landlords to provide Form 1099 information returns to contractors to whom they make payments of more than \$600.

July 13, 2010 NAR Commented on Flood Insurance Legislation

In a letter to the U.S. House of Representatives, NAR strongly supported a provision to reauthorize the NFIP through fiscal year 2015 in H.R. 5114, the Flood Insurance Reform Priorities Act. However, NAR expressed its concern with provisions of H.R. 5114 that would phase-in actuarial rates for most pre-Flood Insurance Rate Map (pre-FIRM) properties. Section 5 would increase rates on these properties by up to 20% a year, beginning on the date of enactment for those non-residential properties. Soon thereafter, the U.S. House of Representatives approved H.R. 5114, sending the legislation to the Senate for its consideration. The bill would reauthorize the National Flood Insurance Program (NFIP) through September 30, 2015. Unless a longer term reauthorization is enacted, Congress will again have to consider another short-term extension before September 30 2010, when NFIP authority is set to expire.

July 6, 2010 NAR Commented on Commercial Lead Paint Proposal

NAR, in a coalition with several other impacted organizations, submitted comments to express a variety of concerns regarding an EPA issued Advanced Notice of Proposed Rulemaking (ANPR) concerning the Renovation, Repair and Painting (RPR) Program for Commercial and Public Buildings, which aims to reduce children's exposure to lead dust during renovating activities of commercial buildings. The coalition emphasized that the EPA must consider the scope of authority before proceeding with any regulations. The Toxic Substances Control Act limits the Agency's authority to promulgate regulations that govern RPR activities in commercial buildings. The coalition also stressed that the EPA must complete a congressionally-mandated study of RPR activities in commercial buildings and the extent to which they create lead-based paint hazards before it can proceed with any regulations.

June 29, 2010 Monthly Commercial Update

NAR Treasurer Jim Helsel discussed NAR's victory with the recent passage of H.R. 5297, the Small Business Lending Fund Act of 2010, in the U.S. House of Representatives. The bill would grease the pipeline and make credit more available in the commercial real estate and small business sectors. Also, Mr. Helsel discussed NAR's Call-for-Action asking Congress not to change how carried interest is taxed, which was issued last month. Finally, Mr. Helsel highlighted a recent commercial roundtable meeting between Rep. Tiberi (R-OH) and several Ohio commercial REALTORS®. The meeting proved to be a very productive discussion about regulators, lending, and appraisals.

June 28, 2010 NAR Urged U.S. Senate to Pass Bill Establishing Small Business Lending Fund

In a letter a letter submitted to the U.S. Senate, NAR urged lawmakers to approve the House-passed legislation (H.R. 5297) to establish a \$30 billion Small business Lending Fund. Additionally, NAR asked Senators to include language to increase the cap on credit union member business lending to 27.5% of total assets. Moreover, NAR stated its opposition to the

Administration's proposal to require credit unions to have at least 5 years of MBL experience in order to qualify for the higher limit.

June 25, 2010 NAR Signed onto Coalition Letter to U.S. Senate Urging for Extension of NFIP

NAR signed onto a coalition letter to the U.S. Senate, requesting that lawmakers take immediate action to pass H.R. 5569, which would extend the National Flood Insurance Program (NFIP) through September 30, 2010. Specifically, the letter reminded lawmakers of recent natural disasters from Tennessee to the Gulf Coast, which are prime examples for the need to extend NFIP. A total of 20 organizations, including NAR, signed onto the letter.

June 23, 2010 NAR Urged U.S. Senate to Pass H.R. 5569, the National Flood Insurance Program Extension Act of 2010

In a letter to the U.S. Senate, NAR asked lawmakers to immediately pass H.R. 5569, which was approved by the U.S. House of Representatives. This bill would extend authority for the National Flood Insurance Program (NFIP) until September 30, 2010. NAR stressed to lawmakers that the delay in passage of the NFIP extension has resulted in the delay, if not cancelation, of thousands of real estate transactions during the worst down-turns in the commercial and residential real estate markets since the Great Depression.

June 23, 2010 NAR Advocated for NFIP Extension in Letter to the U.S. House

NAR urged members of the U.S. House of Representatives to immediately approve H.R. 5569, which would extend the National Flood Insurance Program (NFIP) authority and avoid exacerbating the uncertainty for commercial and residential property owners who rely on the program. This legislation would extend NFIP until September 30, 2010. Soon after NAR submitted its letter, the U.S. House approved H.R. 5569 by voice vote.

June 16, 2010 NAR Urged Congress to Immediately Reauthorize NFIP in a Coalition Letter

NAR signed onto a coalition letter with 21 other real estate-related groups, urging Congress to immediately reauthorize the National Flood Insurance Program (NFIP). The letter also emphasized that frequent lapses in the NFIP program are undermining homeowner and commercial property owner confidence.

June 15, 2010 NAR Asked the U.S. House Asking Members to Support the "Small Business Lending Fund Act of 2010"

In a letter to the U.S. House of Representatives, NAR urged members to support H.R. 5297, the Small Business Lending Fund Act of 2010. Under H.R. 5297, the U.S. Treasury would be authorized to lend up to \$30 billion to interested community banks, in order to expand access to credit for small businesses. These loans would be required to be repaid, with interest, over a 10-year period. The bill also provides incentives for small banks to increase small business lending by adjusting their initial 5 percent loan interest rate relative to the amount of their small business lending activity. Additionally, NAR asked lawmakers to support Amendment #4 (Minnick, D-ID), which would broaden eligibility for the program by including non-owner occupied commercial real estate in addition to owner-occupied commercial real estate loans. Soon after NAR submitted its letter, H.R. 5297 passed the House by a vote of 241-182. Also, Rep. Minnick's amendment was passed by the House.

June 4, 2010 NAR Raised Concerns Regarding Privacy Discussion Draft Legislation

NAR submitted written comments to Representatives Boucher (D-VA) and Stearns (R-FL), raising concerns with certain provisions in their draft legislation to protect the privacy of consumers' personal data on the internet, as well as offline. Under the proposal, any entity that collects covered information about individuals would be required to provide a clear,

understandable privacy policy that explains how that information is collected, used, and disclosed. Specifically, NAR expressed concerns with the draft's broad application, the burden of supplying privacy policy notifications for offline data collection and the conflicts that arise with existing Federal privacy laws.

June 1, 2010 **NAR Sent Letter to the U.S. House and Senate Urging Members to Immediately Extend NFIP**

In a letter to the U.S. House of Representatives and Senate, NAR expressed its anger and frustration with the fact that Congress has again allowed the National Flood Insurance Program (NFIP) to expire on May 31, 2010 – the third time this year.

June 1, 2010 **Commercial Roundtable Meeting with U.S. Ohio Congressman Patrick Tiberi**

Ohio commercial REALTORS® joined NAHB, BOMA, NFIB, NAIOP, and area banks to meet with Rep. Tiberi to discuss commercial real estate issues related to regulators, lending, and appraisals.

REALTOR Attendees: Gavin Blair – CBR, Stan Collins – CBR, Bob Fletcher – OAR, Rob Click, Greg Hrabcak, Doug McCloud, Don Roberts, and John Royer

NAHB Attendees: Jim Hilz, Vince Romanelli, Dave Blackmore, Michael Zenios, Paul Cugini, and Darrel Miller

BOMA Attendees: John Rolwing and Gary Calliari

NFIB Attendees: Allen Perk

NAIOP Attendees: Jeffery Morris

Bank Attendees: Jeff Quayle; Steve Rhodes, Shawn Bunt, Jeff Rosen, Barbara Benham, Bob Lane, Dan DeLawder, Scott McComb, and David Folwein

June 1, 2010 **NAR Issued Call-for-Action on the Need for Congress to Extend NFIP**

NAR issued a Call-for-Action urging Congress to pass a comprehensive National Flood Insurance Program (NFIP) reform bill. Specifically, NAR pressed Congress to approve an NFIP extension as stand-alone legislation and end the cycle of uncertainty for those taxpayers who rely on the NFIP.

June 1, 2010 **NAR Urged for Extension of NFIP in Letter to U.S. House and Senate**

In order to avoid delays and cancellations of thousands of real estate transactions, NAR urged Congress to approve an extension of the National Flood Insurance Program (NFIP). NFIP expired for the third time this year on May 31, 2010.

May 27, 2010 **NAR Thanked Sen. Collins for Filing Senate Amendment to H.R. 4899, the Supplemental Appropriations Act**

Senate amendment 4218 to H.R. 4899 would prohibit the U.S. Environmental Protection Agency (EPA) from imposing fines on contractors for renovation and repair work if by September 30, 2010, they enroll in training to comply with the new Lead Paint Renovations and Repair Regulation which took effect on April 22, 2010.

May 25, 2010 Monthly Commercial Update

NAR Treasurer Jim Helsel discussed the good deal of progress that NAR has made in combating the liquidity crisis facing the commercial real estate industry. Mr. Helsel highlighted NAR's recent testimony at a Congressional field hearing on commercial real estate and provided information regarding NAR's recent Call-for-Action on carried interest.

May 17, 2010 NAR Testified Before Congress on Commercial Real Estate Liquidity Crisis

G. Joseph Cosenza, Vice Chairman of Inland Realty Group, Inc., testified on behalf of NAR at the U.S. House Financial Services Subcommittee on Oversight and Investigations held a field hearing in Chicago, Illinois, on the liquidity crisis facing the commercial real estate industry. In his testimony, Mr. Cosenza stressed the importance of a sound commercial and multifamily real estate sector as the linchpin of our nation's economic recovery. Because the current credit crisis is so complex and every property is different, Mr. Cosenza stressed to the Subcommittee that a number of solutions are necessary to jumpstart the industry. These solutions include: (1) accelerated depreciation, (2) raising the cap on credit union business lending, (3) creation of a mortgage insurance program for performing commercial loans, (4) additional banking agency guidance, especially related to term extensions, (5) an extension of a government program called the Term Asset-Backed Securities Loan Facility (TALF), and (6) increase small business lending through SBA loans.

May 16, 2010 NAR Issued Call-for-Action on Carried Interest

NAR issued a Call-for-Action to prevent extra tax burdens from being placed on commercial real estate. Specifically, a proposal in the U.S. House of Representatives would tax carried interest at ordinary income tax rates, instead of its present capital gains treatment. The new revenue generated from this tax increase would help pay for tax extensions this year, like leasehold improvements.

May 13, 2010 NAR Urged Sen. Vitter to Support Extension of NFIP

NAR issued a letter to Sen. Vitter (R-LA), urging for his support on S. 3347, which extends the National Flood Insurance Program (NFIP) until December 31, 2010.

May 12-13, 2010 NAR Capitol Hill Visits

NAR made commercial real estate liquidity a top priority at its Mid-Year Legislative Meetings. REALTORS® meeting with their members of Congress urged lawmakers to (1) support efforts to hold a Congressional hearing solely focused on commercial real estate, (2) encourage the Federal Reserve and U.S. Treasury to provide term extension for performing properties, and (3) support H.R. 3380 (Rep. Kanjorski, D-PA; Rep. Royce, R-CA) and S. 2919 (Sen. Udall, D-CO) which would increase the cap on credit union business lending from 12.25% to 25% of total assets.

April 27, 2010 Monthly Commercial Update

NAR Treasurer Jim Helsel discussed the upcoming NAR Mid-Year Meetings. Commercial real estate will be one of the five main talking points REALTORS will discuss with members of Congress on their visits to the Hill. NAR members will be asking for three specific points: (1) increase the cap on credit union business lending from 12.5 percent to 25 percent of total assets; (2) urge the Treasury and the Federal Reserve to encourage simple loan extensions for properties that can support their current debt; and (3) hold a congressional hearing very soon specifically on the problems plaguing commercial real estate.

April 21, 2010 NAR Testified on the National Flood Insurance Program

Moe Veissi, NAR 2010 First Vice President, testified at hearing titled "Legislative Proposals To Reform the National Flood Insurance Program" before the U.S. House of Representatives Committee on Financial Services Subcommittee on Housing and Community Opportunity. NAR supports at minimum a five-year NFIP reauthorization to provide certainty to a recovering real estate market as well as to the millions of taxpayers and businesses that depend on the program for flood insurance.

April 21, 2010 NAR Provided Input on Several Pieces of Legislation

NAR submitted a letter to Representatives Barney Frank (D-MA) and Spencer Bachus (R-AL) on several property insurance-related pieces of legislation to be marked-up. NAR stated its support for a comprehensive solution that ensures the availability and affordability of natural disaster, flood, and wind insurance for property owners. A "mark-up" refers to the meeting of a Committee held to review the text of a bill before reporting it out.

April 15, 2010 NAR President Vicki Cox Golder Submitted Two Letters to the Basel Committee on Banking Supervision

NAR commented on the Basel Committee's proposals related to strengthening rules related to bank liquidity and bank capital. The Basel Committee includes representatives from approximately 30 countries, including the United States, and develops guidelines and standards related to bank supervision. Consistent with concerns of REALTORS® that it is not easy to get a mortgage unless you have pristine credit, the letters each make a general comment that the Basel Committee should consider all bank reforms as a whole, not just the Committee's, so the actions by all the various regulators do not cause an over-correction and strangle credit. The letters also include several specific suggestions for improving the Committee's proposals.

April 12, 2010 Commercial Roundtable Meeting with U.S. Georgia Congressman David Scott

Members from the Atlanta Commercial Board of REALTORS® met with Rep. Scott to discuss liquidity issues facing the commercial real estate industry. Members provided anecdotal stories regarding the difficulty of obtaining new commercial loans as well as refinancing existing loans. Specifically, members discussed the challenge of refinancing commercial properties that are performing. Additionally, members presented a variety of ways that Congress can help jumpstart the commercial markets, which included: relaxing mark-to-market accounting rules, incentives for banks to make loans, and foreclosure mitigation. The Congressman was very attentive and grateful for the members' input.

April 12, 2010 Commercial Roundtable Meeting with U.S. Texas Congressman Kevin Brady

Members from the Houston Association of REALTORS® attended a Roundtable meeting with Rep. Brady to discuss the ongoing problems in the commercial real estate industry. Also included in this meeting were representatives from the FDIC, Federal Reserve, Office of the Comptroller of the currency, and leaders in the banking & commercial real estate community. Rep. Brady and the federal regulatory agencies were very appreciative of the input from members.

March 30, 2010 NAR Advised the U.S. House of Representatives to Extend NFIP

In order to avoid delays and cancellations of thousands of real estate transactions, NAR urged the U.S. House of Representatives to approve an extension of the National Flood Insurance Program (NFIP). NFIP expired on March 28, 2010.

- March 30, 2010 Commercial Roundtable Meeting with U.S. Georgia Congressman Tom Price**
- Members from the Atlanta Board of REALTORS® and Atlanta Commercial Board of REALTORS® met with Rep. Price to discuss liquidity issues facing the commercial real estate industry. Members shared their stories regarding their difficulties in obtaining credit for capital as well as for refinancing of performing loans. Members also discussed the proposed tax treatment of carried interest as ordinary income, renewal of the 15-year depreciation schedule on leasehold improvements, and new FASB proposals to change to mark-to-market rules. Price was very appreciative of the information provided by commercial roundtable meeting attendees. Members from ICSC, NAIOP, and ACBR were also present during the meeting.
- March 30, 2010 Monthly Commercial Update**
- NAR Treasurer Jim Helsel discussed increasing small business lending as a way to help revive the commercial market.
- March 24, 2010 NAR Urged for an Extension of TALF in Letter to Lawmakers**
- As the Federal Reserve Board unwinds its emergency liquidity programs, NAR urged members of the U.S. House Committee on Financial Services to continue to address the tremendous challenges facing the commercial mortgage market. Specifically, NAR encouraged the extension of the Term Asset-Backed Securities Loan Facility (TALF) for legacy and newly issued commercial mortgage-backed securities (CMBS) through the end of 2010.
- March 17, 2010 NAR Opposed Medicare Hospital Insurance Premium**
- In a letter to Congress, NAR expressed its opposition to the proposal in the health care measure that would, for the first time, impose the Medicare Hospital Insurance premium in unearned income, including rents.
- March 10, 2010 NAR Testified on Natural Disaster Insurance**
- Charles McMillan, NAR Immediate Past President, testified before the U.S. House of Representatives Committee on Financial Services Subcommittee on Housing and Community Opportunity and Subcommittee on Capital Markets, Insurance, and Government-Sponsored Entities at hearing titled "Approaches To Mitigating and Managing Natural Catastrophe Risk: H.R. 2555, the Homeowners' Defense Act."
- March 3, 2010 NAR Asked Members of the U.S. House to Cosponsor Credit Union Business Lending Bill**
- In a letter to the U.S. House of Representatives, NAR strongly urged lawmakers to become a cosponsor of H.R. 3380, the "Promoting Lending to America's Small Business Act of 2009," introduced by Reps. Kanjorski (D-PA) and Royce (R-CA). This bill would increase the cap on credit union business lending from 12.25% of total assets to 25% of total assets.
- March 3, 2010 NAR Signed onto the Family Business Estate Tax Coalition (FBETC)**
- NAR cosigned letter to U.S. House /Senate leaders, urging passage of estate tax reform legislation. Also, urged raising cap on Credit Unions and asked U.S. House Reps to cosponsor H.R. 3380, "Promoting Lending to America's Small Business Act of 2009."
- March 2, 2010 NAR Submitted Statement on Small Business Lending**
- Re: "Restoring Credit to Main Street: Proposals to Fix Small Business Borrowing and Lending Problems." NAR asked Congress to improve lending through the various measures.
- March, 2010 Commercial REALTORS® Continue to Set Up Roundtable Meetings With Lawmakers**

Addressed liquidity problems with Reps. Scott (D-GA), Price (R-NC), and Meeks (D-NY).

**February 26,
2010**

NAR Submitted Statement on Small Business and Commercial Real Estate Lending

Participated in joint hearing on “Small Business and Commercial Lending.” NAR presented a variety of policy measures to improve lending access for small businesses.

**February 25,
2010**

NAR Urged Financial Regulatory Reform in Letter to Senators Dodd & Shelby

The letter asked policymakers to ensure that reforms aimed at the securitized credit markets are customized and applied appropriately for commercial real estate finance that create liquidity, promote sound practices and transparency.

**February 25,
2010**

Fed Responds to Lawmakers’ Concern Regarding Commercial Real Estate Loan Workouts

The Federal Reserve (Fed) responded to a joint letter from 79 members of Congress, which urged the U.S. Treasury and Fed to take a more active role in commercial real estate credit markets. The Fed stated that the assessment of commercial real estate exposures is one of its “highest priorities.” The Fed also intends to continue to analyze commercial real estate markets as well as the effectiveness of its supervisory guidance. Furthermore, the Fed also believes its ongoing industry and examiner outreach will be critical as regulatory agencies and the industry work through challenging issues in the commercial real estate credit markets. NAR and Commercial REALTOR leaders worked with Congress on the letter to the U.S. Treasury and Federal Reserve and encouraging cosigners.

**February 24,
2010**

Commercial Real Estate Webinar

NAR hosted a webinar for all commercial affiliates, large commercial real estate firms, and real estate-related organizations. The purpose of the webinar was to update groups on NAR’s policy priorities and to receive input on additional possible solutions to the commercial liquidity crisis.

**February 23,
2010**

Monthly Commercial Update

Jim Hesel discusses the latest steps NAR is taking to revive the commercial market. Mr. Hesel spoke on NAR’s efforts in setting up roundtable meeting with members of the U.S. House Financial Services Committee as well as urging Congress to have a hearing on commercial real estate.

**February 18,
2010**

NAR Commercial Staff Attends NREO Meeting

NAR commercial staff attended the National Real Estate Organizations (NREO) coalition meeting to discuss the current political climate and ways to align goals on commercial real estate issues. Coalition groups agreed to work together on similar commercial real estate issues when appropriate.

**February 12,
2010**

NAR Submitted Comments to HUD on Proposed Rule to Implement SAFE Act

NAR submitted a letter to U.S. Housing and Urban Development (HUD) regarding its proposed rule to implement the Secure and Fair Enforcement Mortgage Licensing Act of 2008 (SAFE Act). Specifically, NAR urged HUD to broaden the exemption for seller financing as well as to provide clarification of exemption for licensed real estate brokerage activities.

February 4, 2010 NAR Thanked Senators Murkowski and Lincoln for Introduction of Emissions Legislation

NAR sent a letter thanking Senators Murkowski (R-AK) and Lincoln (D-AR) for introducing legislation forestalling the U.S. Environmental Protection Agency (EPA) from regulating CO₂ emissions from commercial buildings under the Clean Air Act.

February 4, 2010 Commercial Legislation and Regulatory Subcommittee Webinar

NAR commercial staff conducted a webinar for the Commercial Legislative and Regulatory Subcommittee members to get input/feedback on ideas for solving the commercial liquidity crisis. Members agreed to a variety of proposals, which included: accelerated depreciation, raising the cap on credit union lending, a mortgage insurance program for performing commercial real estate loans, additional guidance relating to term extensions, and an extension of the Term Asset-Backed Securities Loan Facility (TALF) program.

February 1, 2010 Congressional Letter Urging Regulators to Address Growing Commercial Real Estate Concerns

79 Member of Congress wrote to Treasury Secretary Tim Geithner and Federal Reserve Chairman Ben Bernanke, urging them to take a more active role in commercial real estate markets. The letter, led by Reps. Kanjorski (D-PA) and Calvert (R-CA) was bipartisan, and asked the agencies to establish clear methods for loan modifications, develop metrics to differentiate performing and non-performing properties, and take other steps to provide investor confidence in commercial real estate markets. NAR and Commercial REALTOR leaders worked with Congress on the letter and encouraging cosigners.

February, 2010 Commercial Roundtable Meeting with U.S. Illinois Congresswoman Melissa Bean

Illinois commercial REALTORS® met with Rep. Bean to discuss problems in the commercial real estate credit markets. Bean appreciated the information.

Attendees: Terry Feddersen – RVG Commercial Realty; David Gelwicks – Coldwell Banker Primus; Doug Jones – National Realty Network; Michael Kelly – Savard & Assoc.; Jack Minero – Prudential First; Nick Nicketakis – Callahan, Blandings & Schap; Cassandra Savard – Savard & Assoc.; Pradeep Shukla – American Star Realty; Dan Wagner – Inland Real Estate; Chuck Wiercinski – McLennan Commercial

January 29, 2010 NAR Works with Congress on Commercial Real Estate Letter to Fed and U.S. Treasury

Representatives Calvert (R-CA) and Kanjorski (D-PA) sent a letter to U.S. Treasury Secretary Geithner and Federal Reserve Board Chairman Bernanke regarding banks' treatment of commercial real estate loans. The letter expressed concern that banks are being too conservative in the treatment of these loans, and in some cases, even calling performing commercial loans. The letter also urged the Federal Reserve and U.S. Treasury to review the recent guidelines on loan modifications and institute metrics banks can use to differentiate between performing and non-performing loans. 79 members of Congress signed onto this letter.

January 26, 2010 Monthly Commercial Update

Jim Helsel monthly report discussed how NAR is building relationships with leaders in Washington in order to bring the commercial industry the help it needs. Mr. Helsel stressed the importance of NAR commercial member participation in RPAC and the REALTOR® Action Center.

January 12, 2010 NAR Issued Letter to Senator Reid on Health Care Reform Legislation

NAR sent a letter to Senate Majority Leader Harry Reid (D-NV) on a number of issues regarding the final compromise health reform bill. Specifically, NAR strongly urged Sen. Reid to (1) rectify the inequitable tax treatment that requires the self-employed to pay payroll tax on income used to pay health insurance premiums, (2) provide small nonprofit employers with access to the same employer credits available to small for-profit firms that provide employee coverage, (3) settle on one national Exchange, rather than a system of 51 Exchanges, and (4) oppose the employer mandate provision.

January 2010 Commercial Roundtable Meeting with U.S. Illinois Congressman Bill Foster

Illinois commercial REALTORS® met with Rep. Foster to discuss liquidity issues facing the commercial real estate industry. Specifically, a concept of a government insured option to help restore liquidity in the commercial real estate credit markets. Foster was very appreciative of the information provided by commercial roundtable meeting attendees.