



LEGISLATIVE REPORT

June 2010

CALL FOR ACTION

NATIONAL FLOOD INSURANCE PROGRAM EXPIRED

As some of you may know, BCAR sent out a notice that the national Flood Insurance Programs (NFIP) expired on May 31, 2010 at midnight. This is a major blow to homeowners and potential homeowners all over the state of North Carolina. NAR issued a CALL FOR ACTION for Congress to re-issue the program immediately. [CLICK HERE](#) for the link to active your personal CALL FOR ACTION.

If you have a closing that requires flood insurance FEMA states the following "they will not issue any new policies, they will not renew any existing policies and they will not increase coverage on existing policies"; it is still possible to assume an existing policy as long as it doesn't expire before Congress reauthorizes the program.

The President of BCAR, Mary Ann McCarthy, sent a letter to both NC Senators and **Congressman McIntyre** stating the urgent need to pass this legislation. But we can't do it alone! We encourage everyone to call their Senators as soon as possible. **Senator Richard Burr** can be reached at 202-224-3154 and **Senator Kay Hagen** can be reached at 202-224-6342 - for talking points to assist you with the conversation [CLICK HERE](#).

RESIDENTIAL PROPERTY DISCLOSURES

The North Carolina Real Estate Commission wants buyers to know if their new home is located near a military installation. The move is meant to reduce or eliminate complaints from new homeowners about noise from artillery fire or low-flying aircraft. The change comes July 1 with a tweak in the fine print of a form required any time someone in the state sells a home. The 21-question form asks property owners of any known issues with their home, though homeowners are allowed to check a "no representation" box to avoid answering any of the questions. Real estate agents, however, are required by law to inform potential buyers of any known issues that could affect the property. One question asks about commercial or industrial issues. On the new forms, "military" will be added to that question. Miriam Baer, executive director of the state Real Estate Commission, said her agency began looking at military effects after a bill filed by then-Sen. Tony Rand last year died in committee. Rand's bill would have required anyone within a mile of a military installation to disclose that information

to potential buyers. Baer said the change seems to have support and most people "seem to be in accord that this is a step in the right direction."(John Ramsey, THE FAYETTEVILLE OBSERVER, 5/24/10).

SENATE BUDGET PASSED

With a final vote of 30-16, the Senate approved a \$19 billion state budget on Thursday and forwarded it to the House for its review. The Senate Democrats proclaimed that the budget closed the \$800 million revenue gap without cutting too many of the state's services. Education spending, and lack of cuts to education spending, was touted as the most important measures of the budget, as were tax credits to small businesses and providing \$400 million to meet increasing demand for Medicaid. Republicans claimed that the Senate's budget will make it harder for the state to deal with the nearly \$3 billion deficit the state will be in next year when funds from the federal government expire.

A budget provision that would have abolished the authority of the insurance commissioner and the North Carolina Rate Bureau to set all insurance rates was stripped from the budget in the Senate Appropriations Committee. Senate leader **Marc Basnight (D-Dare)** is in favor of creating a new rate bureau to set homeowners insurance rates for the coast, but did not intend for the provision to go beyond that or for it to be placed in the budget. Insurance Commissioner **Wayne Goodwin** opposes such a measure.

The Senate budget includes \$10 million of funding for the Housing Trust Fund. The Housing Trust Fund is a dedicated resource for financing housing that is affordable to low-income persons. Since 1987 the Housing Trust Fund has been used to finance homes for first-time buyers; to build apartments for working families, seniors, and persons with disabilities; and, to make emergency home repairs to keep vulnerable people living independently. We are hopeful the House will not reduce that funding.

NATIONAL CALL FOR ACTION

The National Association of REALTORS® has launched a Call for Action on two very important tax issues impacting real estate that have been discussed by Congress recently:

- a proposed change to tax carried interest at ordinary income rates.
- a proposed change to require all landlords to provide an IRS Form 1099 to all contractors they do business with if they pay that contractor \$600 or more in any given year.

Please respond to the personalized Call for Action email you received from the National Association of REALTORS® or use the following link to make sure that

Congress hears from you on these critical issues:

<http://takeaction.realtoractioncenter.com/campaign/carriedinterest09>.

POOL DRAINS

A federal law designed to keep children from being injured by the suction of pool drains has led some North Carolina counties to close their public pools and may keep hundreds more from opening this summer. State officials began enforcing the Virginia Graeme Baker Pool and Spa Safety Act on May 1. The act is named after the 7-year-old granddaughter of former Secretary of State James Baker, who drowned in 2002 when she was caught in a hot tub drain. The law requires grates designed to prevent body parts and jewelry from being sucked into drains. Counties which oversee pools have begun to close those not in compliance. "It will certainly be in the hundreds of pools that get closed," said Jim Hayes, head of the pools, tattoos and state institutions branch of the N.C. Division of Environmental Health. "It could easily be 1,000 or more." The act does not cover backyard pools. But those accessible to the public, including municipal pools, and those in subdivisions and apartment complexes, along with hotel and exercise-club pools, fall under the new regulations. (Matt Ehlers, THE NEWS & OBSERVER, 4/17/10).