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News you can use

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JANUARY 2012

Garfield Heights Waives Escrow

During a recent Govern-
ment Affairs Committee
meeting, CABOR's lobbyist
reported that Garfield
Heights City Council re-
cently passed an ordinance,
68-2011, that was favorable
to the real estate industry.

In an effort to spur more
home sales, Garfield
Heights City Council ap-

proved the ordinance that
waives the 110% escrow
requirement for repair of
point of sale inspection
violations. The law sus-
pends the escrow amount
from 11/06/2011 through
11/06/2012.

Additionally, the same leg-
islation grants a free one-
year family pass to the

city's recreation center
as an additional incen-
tive to purchase a home
in Garfield Heights.
CABOR will advocate
for the extension of this
ordinance throughout
the coming year.

[Read the entire ordi-
nance here.](#)

Real Estate Settlement Procedures Act (RESPA)

The Washington Report
12-19-2011

*CFPB Issues Second Round
of Proposed Closing Docu-
ments*

On Tuesday December 13,
2011, the Consumer Financial
Protection Bureau (CFPB)
debuted two updated ver-
sions of a draft replacement
for the HUD-1 Settlement
Statement. The two forms
are five pages long. Each has
a cover sheet that matches up
closely with the proposed
GFE/TIL forms the CFPB has

been testing throughout the
summer and fall. The next
sheets look more like a con-
ventional HUD-1 with minor
variations. Of more interest
is the latter sheets that con-
tinue to imply an intention
to continue the policies of
the 2009-10 RESPA reform.

The new forms also con-
tinue to raise many ques-
tions about what will be
contained in the underlying
regulations governing them.
CFPB promises to have its
draft rule done on time, by
July 2012. The industry must

be actively engaged in this
process throughout in order
to ensure that the outcome
is not harmful to consumers
and the housing industry
that serves them. Even
though CFPB's online com-
ment periods have been lim-
ited to seven days, the CFPB
has expressly stated they
will take written comments
whenever they receive them
and this time provided an
email address for comments:
[Knowbeforeyou-
ouowe@treasury.gov](mailto:Knowbeforeyouowe@treasury.gov)

“...NTSB
 unanimously
 approved a
 recommendation
 that states
 outlaw the use of
 all electronic
 devices while
 driving ...”

Congress Extends Flood Insurance



The Washington Report
 12-19-2011

On Dec. 17, 2011, 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 re-

maining 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.

NTSB Urges States to Ban Use of Electronics While Driving

The Washington Report
 12-19-2011

On December 13, 2011, the National Transportation Safety Board (NTSB) unanimously approved a recommendation that states outlaw the use of all electronic devices while driving in an effort to address concerns over dis-

tracted driving. Under the NTSB recommendation both handheld and hands-free devices used by drivers would be banned unless needed for an emergency. Passengers would still be free to use the devices. It is important to note that this is merely a recommendation to

state legislatures to pass distracted driver legislation—members should monitor activity in their states. NAR will be following any additional activity at the federal level that may arise out of the recommendation.

FHA Extends Anti-Flipping Waiver

The Washington Report
 12-26-2011

The Federal Housing Administration (FHA) announced that it will extend the temporary waiver of the anti-flipping regulations through December 31, **2012. This is part of FHA's** effort to help stabilize home values and improve conditions in communities experiencing high foreclosure activity. Terms of the existing waiver will remain in

place. All other terms of the existing Waiver will remain the same, including conditions to prevent the predatory practice of property flipping, in which properties are quickly resold at inflated prices to unsuspecting borrowers. Compliance with the anti-flipping waiver requires that 1) all transactions must be arms-length, with no identity of interest between the buyer and seller or other parties par-

ticipating in the sales transaction; 2) in cases in which the sales price of the property is 20 percent or more **above the seller's acquisition cost**, the lender must meet specific conditions and document the justification for the increase in value; and 3) the waiver does not apply to the Home Equity Conversion Mortgages (HECMs). In 2010,



RPAC Q&A

Q: Can you cite specific reasons that I should support RPAC with a contribution?

A: Sure! Here are just a few.

- Direct access to the legislative process.
- Private property rights
- Land use issues
- Environmental issues
- Transfer taxes
- Impact fees
- **Commercial broker's** lien law
- Your Voice...Your Investment. The REALTORS Political Action

Committee is your best investment in real estate. In today's political arena, you need strength in numbers. By joining thousands of other REALTORS, you make a real impact with those who count - local, state and federal policy makers.



NAR: Housing Taxed to Pay-for Extension of Existing Benefits

Housing Taxed to Pay-for Extension of Existing Tax, Medicare, and Unemployment Benefits

The President signed into law legislation that will extend the payroll tax, maintain Medicare payments, and unemployment benefits on the back of the housing sector. Despite NAR's strong opposition to the diversion of housing resources to pay for non-housing uses, increases in Guarantee Fees on Fannie/Freddie mortgages and premium charges for FHA loans are being used to pay for the extensions. These increases will translate into additional costs for housing consumer and will divert fees needed to minimize the loss exposure of the government-sponsored enterprises, investors, and ultimately, the taxpayer. The following is an excerpt from the letter submitted to US Senate Leader Harry Reid (NV).

"...Because g-fees currently are calculated by the Enterprises as a function of the costs of guaranteeing the securities they issue, i.e., the risk of underlying loans,

our organizations believe g-fee levels would be most appropriately addressed as part of comprehensive housing finance reform. Further, we strongly believe that fees charged by the Enterprises to manage risk and enhance capital should not be diverted for purposes unrelated to the safety and soundness of the housing finance system. Implementing this guarantee fee increase will also hinder necessary reforms to the GSEs in the years ahead, as any effort to reduce their role in the market would result in a loss of revenue.

We are also very concerned that a disturbing collateral consequence of this measure is that it raises revenue in a regressive fashion. Since the Enterprises are prohibited from purchasing loans in excess of \$417,000 (\$625,500 in high-cost areas). This de-facto housing tax is being imposed exclusively on the low to moderate income Americans that the underlying tax cut extension is supposed to benefit.

We also object to a proposed amendment to the act that would authorize Ginnie Mae to increase their guarantee fee. While this may seem like a simple measure to provide parity between Ginnie Mae and the Enterprises, we believe it will disproportionately impact the low and moderate income borrowers and first time homebuyers that FHA loans are targeted towards.

We appreciate the attempts by Congress to provide financial relief to the middle class, as well as foster job creation. However, we are united in our belief that H.R. 3630 is counterproductive because it diverts g-fees away from their intended purposes of minimizing the Enterprises' risk exposure and ensuring the liquidity of the secondary mortgage market to the detriment of the taxpayers. Therefore, we respectfully request that you revise or defeat, **H.R. 3630 the "Middle Class Tax Relief Act of 2011"...**"

"... These increases will translate into additional costs for housing consumer ..."



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CABOR is the voice for real estate in
Northeast Ohio.



The mission of the
Cleveland Area Board of REALTORS®
(CABOR) is to be the leading resource and
advocate for the real estate
community, to enhance the ability, conduct
and image of its members and to protect and
promote real property rights.

RPAC contributions are not deductible for income tax purposes. Contributions to RPAC are voluntary and are used for political purposes. The amount suggested is merely a guideline and you may contribute more or less than the suggested amount. You may refuse to contribute without reprisal and the National Association of REALTORS® or any of its state associations or local boards will not favor or disfavor any member because of the amount contributed. 70% of each contribution is used by your state PAC to support state and local political candidates. Until your state PAC reaches its RPAC goal 30% is sent to National RPAC to support federal candidates and is charged against your limits under 2 U.S.C. 441a; after the state PAC reaches its RPAC goal it may elect to retain your entire contribution for use in supporting state and local candidates.

Your Second Office is Open for Business

On December 2, CABOR unveiled a new business center in our building on Brecksville Rd. in Independence. We know that many of our members spend much of their day on the road and at times our location may be closer than your home office.

Feel free to stop in, meet with clients or just get some work done. It's your building and it's free to use!

The business center includes cubicle work-space, two dedicated computers with internet access and Microsoft Office software, a phone line, and printer/copier with scan-to-email capability.

The business center is open during CABOR's normal business hours: Monday through Friday from 8:00am until 4:30pm.

RPAC Investor Reception

Join us Tuesday, January 31st for a special happy hour and legislative update from NAR officials at LockKeepers in Valley View (off of Rockside Road).

RPAC investors are encouraged to attend and learn about potential issues that agents and consumers may be facing in the coming year.

Admission is a \$100+ RPAC contribution and will be collected at the door. Payment options include personal check, Visa, MasterCard & Discover. Email the [Government Affairs Director](#) for more information and/or if you are interested in attending.

Calendar of Events



- January 16—Board Closed, Martin Luther King, Jr. Day
- January 18—Power Tool of Planning (C.E.)
- January 22-24—OAR Winter Conference
- January 25—Fair Housing (Civil Rights C.E.)
- January 31—RPAC Investor Reception