

What's New in Government Affairs

Protecting Homeowners Edition!

May 21, 2010

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LOCAL

ELECTIONS THIS JUNE: We are proud to support local candidates for office in the upcoming election on June 8. SBAOR has taken a *SUPPORT* position for these individuals:

Torrance City Council

- Tom Brewer
- Cliff Numark
- Bill Sutherland

Los Angeles County Assessor

- John Noguez

STATE

ACTION ALERT! BIG LENDERS OPPOSING ANTI-DEFICIENCY BILL: The Senate is expected to vote on Tuesday, May 25 on SB 1178 (Corbett), extending anti-deficiency protections to homeowners who have refinanced "purchase money" loans and now are facing foreclosure. A loophole has allowed California homeowners, already facing foreclosure, to be sued by their lender for the difference between the foreclosed property's value and the outstanding mortgage balance.

Currently, if a homeowner defaults on a mortgage, the homeowner's liability on the mortgage is limited to the property itself. While this law has helped protect borrowers since the 1930s, it does protect purchase money mortgages to loans that refinance the original purchase debt—even in cases where the loan was refinanced to achieve a lower interest rate. Resulting from years of low interest rates, tens of thousands of homeowners refinanced. The majority of these borrowers did not realize that by doing so they were forfeiting their protections and becoming personally liable for the balance of the loan.

C.A.R. is sponsoring SB 1178 and is urging REALTORS® *and their clients* to call their senator to vote "yes" on SB 1178. **To contact your senator**, call (800) 672-3135 and enter your appropriate PIN number. Go to www.car.org to access your PIN number. Clients can use the same PIN number.

FEDERAL

NAR REPORTS COMMERCIAL MARKETS MAY TURN AROUND IN 2011: With high vacancy rates and low prices, the commercial real estate market is going through tough times. However, a turnaround in commercial real estate may be underway as soon as next year, according to NAR. There are indications of improvement in the broader economy — such as rising corporate profits, job creation, and greater availability of credit — that could bode well for the commercial sector. Some aspects of the commercial market might improve as early as this year. The financial picture of real estate investment trusts appears to be improving, and the number of commercial property transactions may go up this year, even if the other fundamentals remain weak. It is important to note that a return to peak levels for the commercial sector is still a few years away.

Why Government Affairs?

Every city makes decisions on taxes, point-of-sale, signs, rent control, property rights, and more. This impacts your client's ability to buy, sell, or develop their properties and your ability to do business. The South Bay Association of REALTORS® Government Affairs Program protects and advocates for you. For more information, call SBAOR Government Affairs at (310)326-3010 ext. 715