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Memorandum

To: NCMHA Board of Directors and Committee Members
From: Brad Lovin and Frank Gray
Subject: 2009 General Assembly Update
Date: April 30, 2009

The 2009 legislative session is in full swing. This “long session” has been primarily focused on the adoption of a two-year State Budget. As you know the State Budget is in bad shape. Revenue projections are down and State budget officials are predicting a revenue shortfall of several billion dollars. Legislators and regulators are leaving no stone unturned. Several bills have been introduced to cut programs and increase revenue. We should expect both cuts and increased taxes and revenues will pass. We should also expect tax “loopholes” will be up for review and open for discussion.

In addition to the budget, another focus this year is in the mortgage lending arena. Legislators are concerned about the increase in mortgage foreclosures and have introduced legislation to address the issue. Some of these bills are being pushed by consumer advocacy groups and some are in response to a federal mandate handed down by Congress. As we discussed in the Legislative Committee, the federal SAFE Act mandate will be one of our biggest issues this year.

Below is a summary of some of the bills we are following. We have included a hyperlink to the PDF version of the entire bill. If you have any questions or need additional information, please let us know.

- **Senate Bill 70 - Construction Standards/Manufactured Housing**

An act regarding construction and safety standards of manufactured homes.
<http://www.ncga.state.nc.us/Sessions/2009/Bills/Senate/PDF/S70v1.pdf>

*This bill would in essence ask Congress to change the HUD code and require the flooring in all manufactured home kitchens and baths be made of treated plywood. And if Congress makes those changes it would require manufacturers to include the flooring systems in their warranty.

- **House Bill 1523- S.A.F.E. Mortgage Licensing Act**

An act to rewrite the mortgage lending act in order to conform to requirements of Federal law.
<http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1523v1.pdf>

*This bill could limit the ability of retailers to interact with their customers and with mortgage lenders or brokers. It would clarify that no one other than licensed mortgage loan officers are to be taking loan applications, assisting with negotiating mortgage terms, or receiving compensation from a mortgage loan. This legislation is requested by the Office of Commissioner of Banks, and is in response to a law passed by Congress which requires all states to come into compliance. We are currently negotiating with staff from the Commissioner of Banks over wording that would clarify how this law applies to manufactured housing retailers and salespersons.

- **House Bill 1222- Mortgage/Rate Spread & High Cost Loans**

An act to update the rate spread and high cost home loans statute.

<http://www.ncga.state.nc.us/Sessions/2009/Bills/House/PDF/H1222v1.pdf>

*This bill will limit the rate spread for home loans.

- **Senate Bill 117- Clarify Development Moratoria Authority**

An act to clarify that a local government may not impose a moratorium on development approval for the purpose of developing and adopting new or revised development ordinance.

<http://www.ncga.state.nc.us/Sessions/2009/Bills/Senate/PDF/S117v1.pdf>

*This bill would limit local governments' authority to impose a development moratorium just so they can create or revise their zoning ordinances.

- **Senate Bill 147 (=H504)- Tax Credits for Energy Efficient Homes**

An act to provide income tax credits for builders of energy efficient homes.

<http://www.ncga.state.nc.us/Sessions/2009/Bills/Senate/PDF/S147v1.pdf>

*This bill would allow a taxpayer that builds or manufactures an energy efficient home to receive a credit of \$1,000 if it meets the federal energy star certified program or a \$2,000 credit if it meets the state certified healthy home program.

- **Senate Bill 1015 (=H1060) - Home Owner & Homebuyer Protection Act**

<http://www.ncga.state.nc.us/Sessions/2009/Bills/Senate/PDF/S1015v1.pdf>

*This bill is proposed by the NC Justice Center and is aimed at alleged abuses in home foreclosures and in installment sale contracts for land. We are concerned that the installment sale provisions would impact legitimate lease-purchase or rent-to-own transactions and are working with the bill sponsors on the issue.

- **Senate Revenue & Tax Package**

*Last week, the Senate Finance Committee unveiled a comprehensive tax package that would constitute the most fundamental rewrite of our state's tax laws in decades. The proposal would lower the general sales tax rate, but make 30+ new services subject to the sales tax for the first time. It would lower the corporate income tax rate, but make all LLCs subject to the corporate franchise tax. It would abolish all state and local privilege license taxes. As proposed, the package would not make any change in the manufactured or modular home sales tax rates or caps. We will follow this proposal closely and report to you as it moves through the legislative process.