

# The Journal

Government & Community Affairs  
Monterey County Association of REALTORS

April 7, 2008

*Investing In Your Future....  
Your Realtor Action Fund Dollars Work For You!*

## **Carmel -By-The-Sea Mayoral & City Council Elections**

The MCAR BORPAC Trustees conducted candidate interviews for the Carmel-By-The-Sea Mayoral & City Council Elections.

The Trustees endorsed and supported Sue McCloud for Mayor.

The Trustees endorsed and supported Ken Talmage for City Council.

The Trustees endorsed and supported Karen Sharp for City Council.

The BORPAC Trustees act independently of the Board of Directors in their decision making process.

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### Stimulus II Update

The Senate leadership reached agreement on a Stimulus II housing bill which includes the following:

- Revised FHA modernization provisions
- Higher VA loan amount (we assume similar to FHA & GSE limits)
- Tax credit of \$7,000 over two years for purchasers of foreclosed properties
- \$10 billion of mortgage revenue bonds to permit the refinancing of troubled loans
- Expansion of loan types requiring early disclosure under TILA

Once passed by the Senate (which appears virtually guaranteed), the bill will move to the House for consideration. The bill does not include the expansion of the FHA program that Senator Dodd recently proposed to assist borrowers with refinancing delinquent mortgages. We expect that bill will be taken up separately in the near future.

### **FHA Modernization Provisions Are Changed**

- The new Senate bill raises the cash investment requirement from 1.5% to 3.5%.

We are sure that many are surprised by the **increase in the cash investment requirement to an amount higher than the current 3 percent requirement**. From what we have been told, deteriorating market conditions (i.e. continued house price depreciation) played a significant role in this increase in the cash investment requirement.

- The bill also makes permanent the mortgage limit increase in high cost areas to \$550,000 (132% of GSE limit) and uses 110% of area median sales price (instead of the 125% in the stimulus bill and 95% previously).

We assume the other key elements of the Senate version of the FHA bill remain the same. They are:

1. Increasing the FHA "floor" to 65% of the GSE limit
2. Simplification of the condominium processing
3. Termination of seller funded downpayment assistance programs
4. Moratorium on risk-based pricing

Once passed, this bill in effect will replace the FHA modernization bill that was passed by the Senate in December.

### **What is next for the Stimulus II bill?**

Senator Reid, Senate Majority Leader, has indicated that he wants to bring the bill rapidly to the Senate floor. Since there is bi-partisan support, we assume that will happen quickly possibly by the end of this week or early next week.

The bill will then go to the House for consideration. Barney Frank's spokesman has already made clear that Chairman Frank has not agreed to this deal and will not be bound by it when it comes to the House. While changes are definitely possible, we also think the process followed in the first Stimulus bill can be instructive. As you remember, Stimulus I (that included higher mortgage limits and the tax rebate) was originated in the House and the Senate ultimately went along w/ Stimulus I even though many did not like the bill (some thought it did not go far enough and others thought it went too far). No one wanted to be labeled an obstructionist on such a critical matter. The same dynamics may be at work with Stimulus II.

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## **MONTEREY COUNTY LEGAL SECRETARIES ASSOCIATION**

**DATE:**

Tuesday, April 15, 2008

**TOPIC:**

"Beyond the Rhetoric: What the County's  
Draft General Plan Really States"  
Everything you ever wanted to know about  
the General Plan, but didn't know who to ask!

**PRESENTERS:**

Calana Knaster, Asst Dir/Resource Mgmt Agency  
Carl Holm, Planning Services Manager

**PLACE:**

Crazy Horse Restaurant  
Bay Park Hotel  
1425 Munras Avenue, Monterey  
831.649.4771

**TIME:**

6:00 p.m. Cocktails  
6:30 p.m. Dinner

**PRICE:**

\$30.00 Members

\$35.00 Non-members

**MENU:**

Salad Bar, Teriyaki Chicken, Mashed  
Potatoes, Vegetables and Drinks  
(Drinks from the Bar are not included)

**Reservations are required as seating is limited. RSVP by Friday, April 11, 2008- Noon**

**Contact:** Michele Ross at (831) 373-4131 ([mross@horanlegal.com](mailto:mross@horanlegal.com))

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Monterey, CA 93942-3350

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Monterey County Board of Supervisors Agendas