

# STONE REPORT

Feb. 8, 2009



## In This Issue

[The January Storm](#)

[Stimulus Package](#)

[This Week at MCAR](#)

*Visit the [MCAR Blog](#) [Here!](#)*

Volume 2 / Issue 2

**Dear MCAR GAD,**

Welcome to the "Stone Report", a publication brought to you by the Government & Community Affairs Department of the Monterey County Association of REALTORS®

## The January Storm

I don't know about you but I find January to often be the most chaotic and busy month of the year. It may start out with a vacation day but by the time it is over, I always feel as though I am finishing a marathon.

With that, welcome back as we journey to stay on top of the challenges that present themselves to homeowners, home-sellers and real estate professionals every day. Ensuring we all have the opportunity to practice the art of real estate, in all of its various forms, is a job we take very seriously. Challenges are ahead, of that there is no doubt. Dealing with those challenges with the collaboration of our local real estate industry, will determine the level of success in our future.

News of failing budgets at the county and city level continue to arise on a near daily basis. It is imperative now more than ever that we work together with our communities to address budgetary concerns. The key is making sure to balance out these budgets, while ensuring the vitality of the real estate sector is appropriately protected.

Dissemination of the proposals and plans currently being discussed at all levels of the beauracratic system to the offices and agents in the field is absolutely imperative to our collective action.

In conjunction with the MCAR Outreach Program, ([see here](#)) the Government & Community Affairs Department is prepared to come to your next scheduled office meeting. Two members of the Local Government Relations Committee (LGR) along with myself are available to address your office on current policy and community matters directly affecting your ability to do business in Monterey County.

Please contact us [here](#) to request a presentation at your next meeting. The presentation will be interactive and can be kept to as short as 10 minutes if need be. I look forward to seeing you in the upcoming weeks!

## **It's a Bird, it's a Plane, No, it's Stimulus!**

The Senate continued their singular focus on achieving agreement on the economic stimulus recovery plan this week. Numerous media outlets are reporting that indeed an agreement was reached with two Republicans in the Senate comfortable with the cuts and compromise. This means the bill can win passage if all 58 Democrats in the Senate stick together to see it through. Estimates put the price tag of the legislation at around \$827 billion, combining massive spending, tax cuts and incentives that many hope will "stimulate the economy into recovery". Should the bill make it through the Senate, it will head to Conference Committee with the House, where the two versions (the House already passed their version) will be reconciled before being handed over to the President for signature.

The proposed legislation (778 pages long) is slightly higher in cost than the House version (H.R.1, priced around \$825 billion) that made it through a party line vote early last week. While \$827 billion is a high price tag, it is substantially lower than \$937 billion cost plan boasted earlier in the week before a round of cuts. Roughly \$110 billion was cut from the package in order to find the necessary Republican votes. School construction funding (about \$16 billion), "Health Prevention Activity" (around \$5.5 billion) and Higher Education funding (about \$5.5 billion) took the brunt of the cuts to the spending measures eliminated within the compromise.

Both the House and Senate bills contain a number of issues critical to the real estate industry. One of the most important components included in the package is the extension of the 2008 Fannie Mae, Freddie Mac and FHA loan limits through 2009. This extension would provide lenders the ability to fund borrowers of higher priced real estate without encumbering them with higher interest rates and fees typically associated with loans higher than the established limits. It also contains language allowing "Sub Area's" within a Metropolitan Statistical Area (MSA) to be evaluated when applying the HUD formula for establishing local limits, an issue close to many of us here in Monterey County.

The proposed legislation will also eliminate an existing payback requirement on the first-time homebuyer tax credit for qualified buyers who purchase a home between December 31, 2008 and July 1, of 2009.

At its core, both packages are primarily focused on a plan (for better or for worse) to address the economic recession. They combine hundreds of billions of dollars in new spending and tax cuts. Some of the new spending includes plans for construction of highways and bridges along with dollars allocated to "victims of the recession" in the form of food stamps, unemployment compensation and health care. Also included is the creation of a new health information technology industry and "green infrastructure" aimed to make our country less dependent on foreign oil. While some of these items have been discussed for years, some are new entirely and it is anyone's guess as to whether or not the economy will in fact recover directly or indirectly due to this plan.

Senior advisors to the Obama Administration have been saying this package is unlike any other stimulus ever passed by Congress because of its' duration. This is not just a quick infusion of cash or a series of law changes intent on immediate corrective measures. It is an 18 month massive undertaking by the government and industry. The available monies and projects will be measured out over time, not just thrown quickly to business and individuals.

With a vote expected in the Senate on Monday, a compromise could be achieved by later in the week with a final package before the President by the weekend.

*Until next time,*

Kevin Stone  
Government & Community Affairs Director  
Monterey County Association of REALTORS®