

Part of the solution...

It's easy to have become cynical about the path of state government over the last year. Even for those closest to it, the legislature's policy decisions have seemed bizarre at times; one easy example being the services tax implemented and then repealed one month later. But the strains of a struggling state economy and last year's budget problems could have caused even the most reasonable of individuals to act inconsistently. Thankfully, the first quarter of this year should give the legislature a chance to shift away from "crisis mode" with a reasonable financial and political climate for creating public policy. While Michigan's economy is not better off than last year, the state budget appears to be workable. (We're not really excited about some of the new taxes that are making that possible, but more on that later.) We are therefore hopeful that a renewed legislative focus will lend itself to addressing some lingering REALTOR® issues before the craziness of this election season begins.

Agency Responsibility Act

The Agency Responsibility Act (ARA) remains one of his Association's top priorities. It is a product of a legislative interest and a MAR Public Policy task force charged with providing consumer protection to all individuals entering into an exclusive agency relationship. Obviously, as a regulated industry, there is an expectation from consumers that laws have been established to protect them from the few bad apples that would take advantage of them. The ARA model aims to clearly define those basic duties and services owed under an exclusive agency agreement. Most importantly, it also provides for a uniform statewide disclosure form to ensure common understanding when the consumer and broker mutually elect to waive any of those services.

Representative Tonya Schuitmaker (R-Lawton) and Representative Barb Farrah (D-Southgate) introduced the two-bill ARA package, and they are making headway. By the time this magazine hits your mailbox, the bills should have passed both state chambers on their way to the Governor's desk. Look for more on the implementation of this new law as it might take effect in July of this year.

Foreclosures in Michigan

For too long, statisticians have placed

Michigan among the top three of the 50 states in the number of foreclosures. The drain these foreclosures have on the real estate market is no secret to you as a member of this association, and we have been working on this issue, both singularly and in light of mortgage fraud, for many years. At the federal level, there has been a move to provide for homeowner relief and the creation of an economic stimulus package. Effort is being made within various legislative caucuses and the Governor's office to address this fundamental economic issue.

MAR public policy staff is meeting with legislative leadership in both the House and Senate on various proposals to reduce the number of Michigan foreclosures, along with helping Michigan residents to keep their homes without burdening REALTORS® or the market with additional costs. Among the first of these efforts are both a House and Senate package of bills that will allow the Michigan State Housing Development Authority (MSHDA) to create 2 new loan programs. One program helps individuals with adjustable rate mortgages (that have adjusted or are about to adjust) and the other program helps homeowners with slight credit blemishes. Both groups would refinance into a 30 year fixed mortgage at more affordable rate made available through MSHDA-approved lenders. Additionally, the MAR is involved with, and supportive of, legislative efforts to combat abusive mortgage practices while taking care not to overcorrect and further trouble the lending market. Loan officer licensing, for example, protects consumers but has no negative effect on access to credit.

MBT

We continue to call on our brokers to discover exactly how the new surcharge to the Michigan Business Tax (MBT) will affect their bottom line. As stated in the previous Capitol Report, the legislature passed a 22% surcharge on the new MBT, and it isn't clear yet as to how it will impact Michigan's many business sectors. We know this, the surcharge negatively affects us as much as anyone, and we have not been shy about our dissatisfaction with it. Just the same, we still need input from you brokers that have paid the SBT and are now paying the heightened MBT.



The more data we have, the better we can be at resolving some of the problems.

This is also true when evaluating how the MBT affects our commercial markets, as the MAR has been blessed with some active commercial brokers on the West

side of the state who were some of the first to recognize the effect this tax has on their customers. On both fronts, we have made it a first tier priority with the legislature to soften the difficult consequences of the new MBT on our members. MAR

Michigan REALTORS® can stay informed of political issues with updates through our Capitol Report.

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