

Legislative Update Week Ending August 6, 2010

1. **State Budget Approved-[SB 897](#)**. With an \$800 million budget gap, for the first time in seven years North Carolina lawmakers enacted a budget prior to the start of the new fiscal year. The bill entitled **Appropriations Act of 2010** is a nearly \$19 billion budget. **Of particular note, the budget bill does not include any new taxes or fees on REALTORS® or that target the real estate industry.** The most talked about aspect of this year's budget is the \$500 million included in North Carolina's budget plans that was promised by, but has yet to materialize from, the federal government for Medicaid funding. The budget writers prepared for the possible shortfall that would result if the federal funds are not forthcoming by creating a contingency plan. The contingency plan would call for a one percent cut to state spending and raiding of various reserve funds. **The Governor signed the bill into law on June 30, 2010.**
2. **Ban on Private Transfer Fees-[SB 35](#)**, introduced by Sen. Hoyle (D-Gaston), would prohibit reconveyance fees to third parties upon the transfer of real property. The fee is usually paid by the seller and can either be a fixed amount or percentage of the sales price. **The Governor signed the bill into law on July 1, 2010.**
3. **Ban on Electronic Sweepstakes-[HB 80](#)**, introduced by Rep. Melanie Goodwin (D-Montgomery & Richmond), bans the use of electronic machines and devices for sweepstakes purposes. **The Governor signed the bill into law on July 20, 2010.**
4. **Carbon Monoxide Detectors in Rental Property (Clarifying Changes to Gen Statutes).** [SB 1242](#) (section 6.a.), introduced by Sen Graham (D-Mecklenburg), makes changes to the Landlord Tenant Act with respect to the requirement to install carbon monoxide detectors in residences that have fireplaces. The change clarifies that only where the fireplace burns a fossil fuel (e.g., gas) is there a requirement to install a CO detector. **The Governor signed the bill into law on July 20, 2010.**
5. **Regulation of Appraisal Management Companies-[SB 829](#)** introduced by Sen. Clark Jenkins (D-Edgecombe). During the 2009 legislative session of the NC General Assembly, legislation was introduced that would regulate Appraisal Management Companies. **The Governor signed the bill into law on July 22, 2010.**
6. **Homeowner and Homebuyer Protection Act-[SB 1015](#)**, introduced by Sen. Josh Stein (D-Wake) in the 2009 session would outlaw foreclosure rescue schemes. The bill also regulates installment sales contracts (sometimes called contracts for deeds) and lease options. This bill passed the Senate during the 2009 session with the understanding that it was by no means a finished product and needed more discussion. **The Governor signed the bill into law on August 2, 2010.**
7. **Extend Emergency Foreclosure Program-[SB 1216](#)** introduced by Sen. Dan Blue (D-Wake), would expand the duration and the scope of a foreclosure prevention program run by the North Carolina banking commissioner. The program focuses on homes at risk of

foreclosure (in court) within 45 days that involved subprime loans. **The Governor signed the bill into law on August 2, 2010.**

8. **Building and Development Permit Extensions.** Last session, the General Assembly passed [SB 831](#) (**Extend Permits Regarding Land Development**), introduced by **Sen. Dan Clodfelter (D-Mecklenburg)**, which extended the duration of all state and local permits and approvals affecting the development of real property in North Carolina through December 31, 2010. This legislation assisted the real estate sector by removing the requirement that builder/developers of projects that had not commenced or been completed go through the expensive and time-consuming approval processes all over again with no assurance that their project would be reapproved. The Senate recently approved [HB 683](#) (**Permit Extensions**), introduced by **Rep. Jim Crawford (D-Granville)**, which will continue the extensions for another year. **The Governor signed the bill into law on August 2, 2010.**

9. **No Foreclosures/Soldiers on Active Duty.** [SB 1400](#), introduced by Sen. Ron Davis (D-Greene, Pitt & Wayne) prohibits foreclosures while the mortgagors or trustors are on active military duty. **The Governor signed the bill into law on August 4, 2010.**